

# THE INSTITUTE OF ECONOMIC AFFAIRS LIMITED

England & Wales · Charity number 235351

## Details

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Other names	IEA
Status	Registered
Legal form	Charitable company
Company number	<a href="#">00755502</a>
Registered	1969-08-25
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	2 Lord North Street London SW1P 3LB
Phone	02077998900
Email	<a href="mailto:companysecretary@iea.org.uk">companysecretary@iea.org.uk</a>
Website	<a href="http://www.iea.org.uk">www.iea.org.uk</a>

## Activities

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**Objects:** THE PROMOTION AND ADVANCEMENT OF LEARNING BY RESEARCH INTO ECONOMIC AND POLITICAL SCIENCE AND BY EDUCATING THE PUBLIC THEREIN. (FOR FURTHER DETAILS SEE CL 3(A) TO (C) AND (A) TO (Q))

**Activities:** The IEA's activities include research, publications, conferences, lectures, seminars, special events, a website, blog and extensive programme of student and teacher outreach.

## Classification

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- **How:** Provides Services
- **What:** Education/training
- **Who:** The General Public/mankind

## Geography

- **Area of benefit:** NATIONAL
- Belgium
- Throughout London

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,339,674	£2,152,184	£5,243,885	20
2024-03-31	£5,868,000	£2,985,000	£6,319,000	22
2023-03-31	£2,318,000	£2,426,000	£3,172,000	22
2022-03-31	£2,565,000	£2,349,000	£3,342,000	20
2021-03-31	£2,343,000	£2,328,000	£3,026,000	20

## Trustees

Name	Role	Appointed
BRUNO PRIOR		2013-11-12
Linda Harrison Edwards		2019-06-05
PROFESSOR PATRICK MINFORD PHD		
Professor Christian Bjornskov		2020-11-10
Professor Juan Enrique Castenada Fernandez		2026-03-29
ROBERT BOYD		
ROBIN WARWICK EDWARDS		2017-03-29

**THE INSTITUTE OF ECONOMIC AFFAIRS LIMITED**

England & Wales - Charity number 235351

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# Accounts

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Charity registration number 235351 (England and Wales)

Company registration number 755502

**THE INSTITUTE OF ECONOMIC AFFAIRS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**



# THE INSTITUTE OF ECONOMIC AFFAIRS

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Linda Edwards (Chairman) Robin Edwards (Treasurer) Kevin Bell (Deceased 09 September 2025) Professor Christian Bjornskov Professor Martin Ricketts Professor Patrick Minford Robert Boyd Bruno Prior Thomas Harris
<b>Secretary</b>	Andrew Mayer
<b>Charity number (England and Wales)</b>	235351
<b>Company number</b>	755502
<b>Registered office</b>	2 Lord North Street Westminster London SW1P 3LB
<b>Auditor</b>	Streets Audit LLP 21-33 Great Eastern Street, Shoreditch London EC2A 3EJ
<b>Bankers</b>	Barclays Bank PLC Market Place Town Centre Leicester Leicestershire LE87 2BB
<b>Investment advisors</b>	Evelyn Partners Investment Managers LLP (EPIM)

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# THE INSTITUTE OF ECONOMIC AFFAIRS

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# THE INSTITUTE OF ECONOMIC AFFAIRS

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2025

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The Trustees present their report together with the financial statements of the Institute of Economic Affairs (IEA) for the year ended 31 March 2025.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, 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 (published October 2019).

#### **Status**

The Institute of Economic Affairs is a charitable company limited by guarantee. The Institute was established through a trust deed in November 1955 and incorporated in 1963. It was set up under a Memorandum of Association which sets out its objects and powers and is governed under its Articles of Association. It is a registered charity No. CC/235351.

#### **Structure, Governance and Management**

The IEA is a charitable company limited by guarantee (i.e. without shares) whose Members are limited in liability to £1 each on termination of the company.

The IEA's current membership are the eight serving Trustees and three former Chairmen of the Board who on resignation of their Chairmanships were appointed Life Vice Presidents (LVPs), provided that there are no more than three. The longest serving LVP retires on the ascension of the newest LVP, with the named exception of Lord Vinson, the original LVP. Members have voting rights at the Annual General Meeting of the IEA, but only current Trustees comprise the Board of Directors.

The IEA is managed by its Executive Director & Ralph Harris Fellow, who oversees all aspects of its affairs and is responsible for achieving its goals. They report three times a year to the Board of Trustees' and more frequently to its Finance and General Purposes Committee (F&GP), comprising the committee Chairman, the Chairman of the Board, the Treasurer, and two further board members. These individuals also serve as the Audit Committee.

Decisions about the level and mix of activities are made by the Trustees; about detailed day-to-day operations by a senior leadership team comprising the Executive Director, Chief Operating Officer, Editorial Director, Director of Communications, Director of External Relations and Director of International Outreach.

The Chairman of the Board and the Chairman of the Finance and General Purposes Committee form the Remuneration sub-committee which reviews the Executive Director's performance annually. Three of the Trustees, including the Chairman of the Board, form a Nominations subcommittee which recommends potential Trustees to the full Board from time to time.

Three of the Trustees, who must be current or retired academics, lead the Academic Advisory Council (which has no fixed number), which meets biannually and communicates more regularly with a wider network of between 50–100 academic fellows to support the academic work of the IEA. This includes writing, editing, peer review and setting academic standards.

Three of the Trustees, 3–5 external advisors, and temporarily an external acting Chairman form the Education Advisory Committee, which meets biannually and communicates more regularly with a wider network of 50–100 educators to support the educational outreach work of the IEA. This includes speaking in schools and universities, curriculum alignment, digital resources and supporting staff in the education team.

The IEA also seeks input and advice from an Advisory Council which is led by the Treasurer and has no fixed number of members. The Council supports the IEA's outreach work to new individual donors, corporations, and trusts, to ensure the longer-term viability of the charity. The Advisory Council is being relaunched in 2026 with revised terms.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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### Objectives and activities

The mission of the IEA is to improve the understanding of the fundamental institutions of a free society by analysing and expounding the role of markets in solving economic and social problems. We try to achieve our objectives by means of the activities listed below, which include allocated support costs.

#### Academic programmes:

- Research – conducting research and publishing books, papers, and briefings.
- Education – organising events, seminars, and conferences – many of them for students
- International – establishing partnerships with think tanks, mainly in Europe, Africa, and Asia
- Communicating and distributing our work through traditional and digital media

Fundraising and subscriber support (more details of our approach are provided below).

### Public Benefit

As detailed above, the mission of the IEA is to improve the understanding of the fundamental institutions of a free society by analysing and expounding the role of markets in solving economic and social problems. We bring analysis of issues relating to political economy to the public's attention through our various academic programmes and other activities. The Trustees confirm that, in exercising their powers and fulfilling their responsibilities in pursuit of the aims described above, they have paid due regard to the guidance on public benefit published by the Charity Commission.

### Fundraising

The IEA is entirely independent of any political party or group and is funded by voluntary donations from individuals, companies and foundations who want to support its work plus small amounts of income from subscriptions, event partnerships, conferences, book sales, studio rental, and investments.

The IEA has been registered with the Fundraising Regulator since 2017 and works in a way that is compliant with the Code of Fundraising Practice. The IEA's development protocols, which are given to all prospective donors make clear that the IEA does not permit commissioned research and is editorially independent of our donors.

The IEA respects donor privacy and encourages donor transparency in public statements of support for the charity. Most donors come to the IEA unprompted or via third party recommendations. Most donations are unrestricted, or where for a restricted end that purpose is clearly stated, including any secondary use for residuals. The IEA otherwise abides with data protection standards when communicating with or ceasing to communicate with donors.

The IEA conducts due diligence on potential donors to ensure they are of good standing and that donations are intended, permitted, not from government sources, and do not create conflicts of interest. Donors are informed about the impact of their donations through bespoke communications, reports, meetings, and an annual review. Where the IEA works with partners to fundraise, that relationship is transparent, the fundraiser abides by IEA protocols, and any statement of solicitation is clear.

The work of IEA fundraisers, and management of fundraising risks is supervised by the Treasurer, with external expert advice provided through an Advisory Council. Fundraising reports are provided to every meeting of the Board and F&GP Committee. The IEA manages complaints about fundraising in line with other complaints sent to the IEA. The IEA received no complaints about fundraising in 2024/25.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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### Review of achievements

We produced 22 new publications, of which 3 were books, 16 were discussion papers, and 3 were miscellaneous formats. These covered a wide range of subjects, and arguments. Some purely educational, for example schools of economic thought, the space economy, and Hayek's Nobel Prize anniversary. Others, current affairs, for example labour market reform, housing, discrimination law, legalising parallel imports. In between, blue skies thinking, for example private cities and nominal GDP targeting. A good mix of the long-term scholarship with immediately relevant talking points, of radicalism and pragmatism.

We have broadly replicated that mix on the Substack Insider, which is not simply the old blog on a new platform, but a new research publication format. Here, the peer review process that we use for other publications does not apply, but we handle that quality control in other ways, mostly by prioritising in-house authors, where we know that they deliver high-quality output.

In partnership with John Wiley & Sons Ltd and the University of Buckingham we continue to publish the academic journal *Economic Affairs*, three times a year. The journal, in print since 1980, is provided in hardcopy to university libraries and otherwise downloaded over 120,000 times a year. Our readers and contributors come from a wide range of backgrounds and disciplines, not least those working in think tanks, research institutes, and universities as well as international organisations such as the OECD.

The Education Department had a successful 2024/25, refining initiatives to improve efficiency and build a Talent Pipeline, guiding students from learning liberal concepts to developing the skills to apply them. Improved marketing grew our audience from 800 to over 3,000, boosting application rates by 94% across our sixth form programmes.

Attendance at our Food for Thought Lunches tripled, with more significant guests (academics, journalists, etc.). We created online portals for publication requests, IEA visits, and school conferences, integrated at the back end with project management tools that enabled efficient handling of increased demand. For instance, a university newsletter link led to 750 publications sent to 13 UK university societies in one week.

The IEA (student society) Hayek Network welcomed two new members: in Manchester and Trinity College Dublin. Both launched by former participants in our programmes. We established partnerships with Fighting for a Free Future and Students for Liberty which has expanded our reach. Evidenced by record breaking interest in our alumni events.

The IEA had over 4,000 media appearances across print, broadcast and online in 2024/25, with a higher proportion of appearances in high value outlets than previous years. The Institute's publications and expert policy commentary received significant attention, including front-page coverage of our analysis of the impact of tax rises on families on in the Daily Mail. Our work on the cost of regulation appeared in the Spectator's pre-Spring Statement coverage. Our Executive Director has written multiple agenda-setting op-eds for The Times.

We produced a record-breaking 512 videos, over 100 more than the previous year, helping quadruple YouTube subscriber numbers to 54,000 and achieving over 4.6 million views. The IEA's social media posts had over 40 million impressions, with exponential follower and engagement growth across platforms. While the pivot to Substack grew our subscriber list by 15% to over 16,000, raising an extra £12,000 annually.

The IEA's international grant making programme, the Whetstone Freedom Fund, delivered 20 grants to 17 partners working in 16 countries on 4 continents. These projects included 15 translations of 13 IEA publications. When completed, these grants will deliver 8,000 printed books which in turn will reach over 3 million people through in-person and online promotion activities.

Seven of these grants supported partners across Africa to address a range of economic problems, from trade restrictions and burdensome regulation to insecure property rights and high taxes. This work has been supplemented by four reports by the Initiative for African Trade & Prosperity (IATP), including a concise primer on the transformative potential of the African Continental Free Trade Area Agreement (AfCFTA).

Our former European outreach initiative, the European Policy Information Center – EPICENTER (now part of IEA Forum, although we remain the UK member), celebrated its tenth anniversary. It expanded with two further member think tanks, now comprising 12 free market organisations from across Europe. In the last reporting year, EPICENTER published 46 blogs, 6 briefings, and 39 publications. These reports were cited by 1,866 media outlets reaching an estimated 300 million Europeans.

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# THE INSTITUTE OF ECONOMIC AFFAIRS

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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### Financial review

Total income for the year was £1,339,674 (2024: £5,847,385) and total expenditure was £2,152,184 (2024: £2,986,289). After taking account of losses on investments of £262,701 (2024: gains £286,000), there was a net movement in funds of (£1,075,211) (2024: £3,147,096) in the year. Restricted income was £273,246 (2024: £230,000) compared with expenditure on restricted projects of £246,806 (2024: £473,750). Total net assets amounted to £5,243,885 (2024: £6,319,096). The financial statements, together with the notes thereto, expand on these outline details.

The financial statements include a liability for a settlement agreement that was determined and paid after the year end but before the financial statements were signed, relating to a legal claim made against the charity in a prior accounting period.

The Finance and General Purposes Committee and the full Board of Managing Trustees regularly review the amount of donations. Excluding the new endowment in prior year there was a 32% decrease in donations income compared with 2023/24. The accounts are prepared on the going concern basis, with further details set out within the accounting policies. We are grateful to all our donors for supporting our work.

### Risk Review

The principal risks and uncertainties to which the IEA is exposed are reputational, loss of key personnel, and financial.

Reputational risk centres on the quality and integrity of the Institute's research and publications and other activities. All the IEA's major publications are peer reviewed. The system was managed in the period by the Academic and Research Director and supervised by the Chairman of our Academic Advisory Board, Professor Christian Bjørnskov.

The IEA maintains strict independence from commercial, party political or other interests. It does not accept commissions to perform research on behalf of commercial or governmental interests.

The performance of key personnel is reviewed at least annually, either by the Executive Director or by a small committee of Trustees led by the Chairman, to assess whether both the employer's and employees' objectives are being satisfied. As with any small organisation, it is not possible to completely protect against the loss of key people.

Financial risks and uncertainties are largely covered by the Reserves and Investment policies noted below. The Trustees examine at least once a year the major strategic, operational, and financial risks and uncertainties which the Institute faces, either at regular or special Board meetings, or through the Finance and General Purposes Committee.

### Grant making policy

The Trustees make occasional grants to individuals to support their research and to attend conferences. These are often from restricted funds donated specifically for such purposes. From time-to-time grants may be made to other institutes where the Trustees think it appropriate. All such projects are assessed by reference to our mission.

### Investment and reserves policies

The Institute's educational mission has a long-term orientation, as noted above, whereas our ability to carry out our work depends on attracting annual donations in a highly competitive fund-raising environment. Accordingly, the Trustees' policy is to invest conservatively. The Treasurer and the Finance and General Purposes Committee regularly review investment results.

The IEA has responsibility for two funds, the Ralph Harris Fund, which supports the office of the Executive Director and the Nigel Vinson Fund which exists to widen the understanding of the Constitution of Liberty and the freedoms that are the foundations of our society, particularly in social market economies where free speech and free trade are conducted within a moral framework. Both funds are managed by Evelyn Partners.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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The Trustees' policy on reserves, which is reviewed annually, is to have sufficient liquid funds on hand to cover 10% of budgeted expenditure, which amounts to approximately £202,000. We believe this is adequate under normal circumstances to enable us to maintain operations in the event of seasonal or other fluctuations in donations and/or expenditure. This target was met in that at year end in there was cash at bank and in hand of £161,063 in addition to the cash deposits held within the investment funds of £91,000.

The Trustees do not seek to accumulate reserves but rather to apply donations in support of the Institute's programmes in accordance with donors' intent. The free reserves of the charity as at 31 March 2025, defined as being unrestricted, undesignated funds not represented by tangible fixed assets, were in negative balance of £548,533 (2024: positive balance £273,779). The cumulative carry forward amount for funds is £5,243,885 (2024: £6,319,096) made up of endowment funds of £5,188,905 (2024: £5,451,606), restricted funds of £128,690 (2024: £102,250) and general funds in deficit of £73,710 (2024: £765,240). Action has been taken to restore reserves through an efficiency programme and ongoing cost controls.

### Future Plans

In 2025-26, the IEA intends to continue to produce high-calibre research on economic matters, taxation, liberalisation, the regulatory environment, energy and climate change, lifestyle issues and more. We will continue to engage with educators, academics, universities and alumni through our extensive student and teacher outreach programme and through our comprehensive communications strategy.

### Trustees

The following were Trustees (who are directors for the purposes of company law) at the time of signing this report and financial statements. They all held office throughout the year ended 31 March 2025 and up to the date of signing this report, unless otherwise stated.

Linda Edwards	Chairman
Robin Edwards	Treasurer
Kevin Bell	Deceased 09 September 2025
Professor Christian Bjørnskov	
Professor Patrick Minford	
Professor Martin Ricketts	
Bruno Prior	
Robert Boyd	
Thomas Harris	



# THE INSTITUTE OF ECONOMIC AFFAIRS

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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None of the Trustees has an interest, direct or indirect, in any contract entered into by the Institute. The Trustees may from time to time and at any time, appoint any person to be a Trustee, up to the prescribed maximum of twelve. Appointments are normally made on the recommendation of the Nominations Committee. Any Trustee so appointed retains office until the next Annual General Meeting, and is then eligible for election for a four-year term, which can be renewed twice or extended further by election as Chairman for two further terms.

New Trustees, who are already familiar with the Institute prior to appointment, are 'trained' mostly on the job by attending meetings of Trustees. They are provided with notes covering the Institute's mission, history, organisation, governance, and details of the other Trustees, together with the latest Trustees' Report and Financial Statements. Newly appointed Trustees will usually already have substantial board level or departmental management experience in either the commercial or academic arenas.

### **Pay policy for senior staff**

The performance of key personnel is reviewed at least annually, either by the Executive Director or by a small committee of Trustees, led by the Chairman. Pay increases and bonuses are awarded to reward merit. Decisions regarding pay levels are informed by reference to other think tanks and also comparable positions in related sectors.

### **Taxation Status**

The charitable company is a registered charity and, as such, for taxation purposes is entitled to exemption under the Income and Corporation Taxes Act 1988.

### **Auditor**

In accordance with the company's articles, a resolution proposing the reappointment of the charities auditor will be put at a General Meeting.

The Trustees have taken advantage of the exemptions available under the small companies' regime, exempting them from the requirement to prepare a strategic report and in preparing the Trustees' Report.

### **Statement of Trustees responsibilities**

The Trustees (who are also directors of the Institute of Economic Affairs for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 business.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees report was approved by the Board of Trustees.

Linda Edwards  
Chairman

Date: 2-Dec-2025





# THE INSTITUTE OF ECONOMIC AFFAIRS

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE INSTITUTE OF ECONOMIC AFFAIRS

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### Opinion

We have audited the financial statements of The Institute of Economic Affairs (the 'Charity') for the year ended 31 March 2025 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 March 2025 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 trustees are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE INSTITUTE OF ECONOMIC AFFAIRS

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

#### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE INSTITUTE OF ECONOMIC AFFAIRS

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing 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 audit 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 knowledge and experience of the charity and sector in which it operates;
- 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, charities legislation, taxation legislation, data protection, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence, if required; 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; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed a sample of grants in the year to ensure accurate recognition;
- agreed a sample of employees on the payroll to existence and agreed the accuracy of the pay;
- assessed and reviewed the appropriateness and effectiveness of the key systems and controls;
- assessed whether judgements and assumptions made in determining the accounting estimates set out were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.



**THE INSTITUTE OF ECONOMIC AFFAIRS**  
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE TRUSTEES OF THE INSTITUTE OF ECONOMIC AFFAIRS**

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In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed 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 trustees 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.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Robert Anderson (Senior Statutory Auditor)**

For and on behalf of Streets Audit LLP  
Chartered Accountants and Statutory Auditor  
21-33 Great Eastern Street, Shoreditch  
London  
EC2A 3EJ  
Date: 03 December 2025



# THE INSTITUTE OF ECONOMIC AFFAIRS

## STATEMENT OF FINANCIAL ACTIVITIES

### FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Unrestricted funds		Restricted Endowment funds		Total		Unrestricted funds		Restricted Endowment funds		Total	
		2025	£	2025	£	2025	£	2024	£	2024	£	2024	£
<b>Income from:</b>													
Donations and legacies	3	845,349		273,246	-	1,118,595	1,569,314		230,000		3,871,000		5,670,314
Charitable activities	4	90,363		-	-	90,363	62,160		-		-		62,160
Investments	5	130,716		-	-	130,716	9,305		-		105,606		114,911
<b>Total income and endowments</b>		<b>1,066,428</b>		<b>273,246</b>	<b>-</b>	<b>1,339,674</b>	<b>1,640,779</b>		<b>230,000</b>		<b>3,976,606</b>		<b>5,847,385</b>
<b>Expenditure on:</b>													
Charitable activities	6	1,905,378		246,806	-	2,152,184	2,512,539		473,750		-		2,986,289
<b>Total expenditure</b>		<b>1,905,378</b>		<b>246,806</b>	<b>-</b>	<b>2,152,184</b>	<b>2,512,539</b>		<b>473,750</b>		<b>-</b>		<b>2,986,289</b>
Net gains/(losses) on investments	11	-		-	(262,701)	(262,701)	-		-		286,000		286,000
<b>Net income/(expenditure)</b>		<b>(838,950)</b>		<b>26,440</b>	<b>(262,701)</b>	<b>(1,075,211)</b>	<b>(871,760)</b>		<b>(243,750)</b>		<b>4,262,606</b>		<b>3,147,096</b>
Transfers between funds		-		-	-	-	418,000		-		(418,000)		-
<b>Net movement in funds</b>	8	<b>(838,950)</b>		<b>26,440</b>	<b>(262,701)</b>	<b>(1,075,211)</b>	<b>(453,760)</b>		<b>(243,750)</b>		<b>3,844,606</b>		<b>3,147,096</b>
<b>Reconciliation of funds:</b>													
Fund balances at 1 April 2024		765,240		102,250	5,451,606	6,319,096	1,219,000		346,000		1,607,000		3,172,000
<b>Fund balances at 31 March 2025</b>		<b>(73,710)</b>		<b>128,690</b>	<b>5,188,905</b>	<b>5,243,885</b>	<b>765,240</b>		<b>102,250</b>		<b>5,451,606</b>		<b>6,319,096</b>



# THE INSTITUTE OF ECONOMIC AFFAIRS

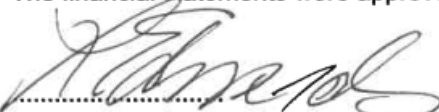
## BALANCE SHEET AS AT 31 MARCH 2025

		2025		2024	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		537,157		569,163
Investments	14		4,788,905		5,499,845
			<u>5,326,062</u>		<u>6,069,008</u>
<b>Current assets</b>					
Debtors	16	94,952		257,592	
Cash at bank and in hand		161,063		67,049	
		<u>256,015</u>		<u>324,641</u>	
<b>Creditors: amounts falling due within one year</b>	17	(338,192)		(74,553)	
<b>Net current (liabilities)/assets</b>			<u>(82,177)</u>		<u>250,088</u>
<b>Total assets less current liabilities</b>			<u>5,243,885</u>		<u>6,319,096</u>
<b>The funds of the Charity</b>					
Endowment funds	18		5,188,905		5,451,606
Restricted income funds	19		128,690		102,250
Unrestricted funds	20		(73,710)		765,240
			<u>5,243,885</u>		<u>6,319,096</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 ..... 2 Dec 2025

  
.....  
Linda Edwards (Chairman)

Company registration number 755502 (England and Wales)



# THE INSTITUTE OF ECONOMIC AFFAIRS

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	25		(484,940)		2,833,072
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(3,872)	
Purchase of investments		(262,575)		(5,358,353)	
Proceeds from disposal of investments		710,814		2,107,291	
Investment income received		130,716		114,911	
<b>Net cash generated from/(used in) investing activities</b>			578,954		(3,140,023)
<b>Net cash generated from financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			94,014		(306,951)
Cash and cash equivalents at beginning of year			67,049		374,000
<b>Cash and cash equivalents at end of year</b>			161,063		67,049



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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### 1 Accounting policies

#### Charity information

The Institute of Economic Affairs (IEA) is a charitable company limited by guarantee, and is registered, domiciled and incorporated in England. Its registered office is 2 Lord North Street, Westminster, London SW1P 3LB.

#### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recognised at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective October 2019, the Charities Act 2011, and the Companies Act 2006. The Institute constitutes 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 £.

#### 1.2 Going concern

The charity has net current liabilities and unrestricted general funds in deficit at the year end, which necessitates the Trustees' to consider whether the going concern basis of preparation remains appropriate. The Trustees confirm that at the time of approving the financial statements, there is a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Trustees have reviewed budgets and cash flow forecasts covering a period to 31 March 2027, taken account of current and anticipated financial performance in the current economic conditions, and the Institute's healthy reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Institute's financial statements.

#### 1.3 Charitable funds

##### Unrestricted Funds

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. Designated funds are unrestricted funds which the Trustees have currently designated for specific purposes. General funds are unrestricted funds for which no specific purposes have been designated.

##### Restricted Funds

Restricted funds are those donated to the Institute for one or more specific purposes.

##### Endowment Funds

The Ralph Harris Fund is an expendable endowment fund whose use is restricted to financial support for the position of the Executive Director, including employment and support costs.

The Nigel Vinson Fund is a permanent endowment fund whose use is restricted to supporting the academic and outreach work of the IEA in collaboration with the University of Buckingham.

#### 1.4 Income

Income from donations is included in income when these have been pledged by the donor, it is probable that the income will be received and the amount can be measured reliably, except:

- when donors specify that donations given to the charity must be used in future accounting periods, the income is deferred until those periods;
- when donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the pre-conditions for use have been met.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 1 Accounting policies

(Continued)

Subscription income is credited to income for the subscription period covered.  
All other income including income from investments is credited to income when receivable by the charity

#### 1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. All costs are allocated between expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources e.g. by floor space. Staff costs have been allocated according to the time spent on each activity.

Research expenditure is written off in the financial statements as it is incurred.

#### 1.6 Tangible fixed assets

Fixed assets are stated at historical cost, less depreciation.

Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write each asset down evenly over its expected useful life, as follows:-

Freehold land and buildings	over 40 years
Fixtures and fittings	over 3 - 10 years depending on the nature of the asset

Expenditure of a capital nature below £1,000 is not capitalised, but charged to the Statement of Financial Activities in the year of expenditure.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.8 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).

#### 1.9 Stocks

Stock and Work in Progress have no value for accounts purposes and is attributed to stocks of unsold publications.

#### 1.10 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.

#### 1.11 Financial instruments

The charity has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, including investments held as fixed assets, and trade and other receivables, are initially recognised at transaction price.

Investments held as fixed assets comprise equities, open-ended funds, fixed interest securities and currency and are stated at year end market value (bid-price). Realised gains and losses on disposal and unrealised gains and losses due to the movement in market value of investments are recognised in the Statement of Financial Activities.

Other financial assets are assessed at the end of each reporting period for objective evidence of impairment due to reduction in the recoverable amount. Any impairment losses are recognised in the Statement of Financial Activities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Any subsequent changes to amounts payable are recognised in the Statement of Financial Activities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

#### **1.12 Foreign exchange**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

### 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and areas of judgement included within these accounts.



**THE INSTITUTE OF ECONOMIC AFFAIRS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**3 Income from donations and legacies**

	Unrestricted funds	Restricted funds	Endowment funds	Total	Unrestricted funds	Restricted funds	Endowment funds	Total
	2025	2025	2025	2025	2024	2024	2024	2024
	£	£	£	£	£	£	£	£
Donations and gifts	845,349	273,246	-	1,118,595	1,546,940	230,000	3,871,000	5,647,940
Legacies	-	-	-	-	22,374	-	-	22,374
	<u>845,349</u>	<u>273,246</u>	<u>-</u>	<u>1,118,595</u>	<u>1,569,314</u>	<u>230,000</u>	<u>3,871,000</u>	<u>5,670,314</u>



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 4 Income from charitable activities

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
<b>Other income</b>		
Publications and Subscriptions	29,245	11,334
Trading Activities	61,118	50,826
	<u>90,363</u>	<u>62,160</u>

### 5 Income from investments

	Unrestricted funds 2025 £	Endowment funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Endowment funds 2024 £	Total 2024 £
Income from unlisted investments	130,554	-	130,554	-	75,143	75,143
Other income	-	-	-	8,000	-	8,000
Interest receivable	162	-	162	1,305	30,463	31,768
	<u>130,716</u>	<u>-</u>	<u>130,716</u>	<u>9,305</u>	<u>105,606</u>	<u>114,911</u>





# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

<b>8</b>	<b>Net movement in funds</b>	<b>2025</b>	<b>2024</b>
		<b>£</b>	<b>£</b>
	The net movement in funds is stated after charging/(crediting):		
	Fees payable for the audit of the charity's financial statements	10,000	10,000
	Depreciation of owned tangible fixed assets	32,007	32,926
		<u>          </u>	<u>          </u>

### **9 Trustees**

None of the Trustees (or any persons connected with them) received any remuneration, reimbursement for expenses or benefits from the Charity during the year.

### **10 Employees**

The average monthly number of employees during the year was:

	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>
Office and management	20	22
	<u>          </u>	<u>          </u>
Wages and salaries	1,009,542	1,129,351
Social security costs	115,087	128,488
Other pension costs	45,512	50,209
	<u>          </u>	<u>          </u>
	1,170,141	1,308,048
	<u>          </u>	<u>          </u>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	2	3
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£130,001 - £140,000	1	-
£180,001 - £190,000	-	1
	<u>          </u>	<u>          </u>

### **Remuneration of key management personnel**

The remuneration of key management personnel was as follows:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	480,642	449,920
	<u>          </u>	<u>          </u>



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 11 Gains and losses on investments

	Endowment funds 2025 £	Endowment funds 2024 £
Gains/(losses) arising on:		
Revaluation of investments	(262,701)	286,000

### 12 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

### 13 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2024	964,459	100,626	1,065,085
At 31 March 2025	964,459	100,626	1,065,085
<b>Depreciation and impairment</b>			
At 1 April 2024	471,994	23,927	495,921
Depreciation charged in the year	17,642	14,365	32,007
At 31 March 2025	489,636	38,292	527,928
<b>Carrying amount</b>			
At 31 March 2025	474,823	62,334	537,157
At 31 March 2024	492,464	76,699	569,163



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 14 Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 April 2024	5,499,845
Additions	262,575
Valuation changes	(312,275)
Gains on disposal	49,574
Disposals	(710,814)
At 31 March 2025	<u>4,788,905</u>
<b>Carrying amount</b>	
At 31 March 2025	<u>4,788,905</u>
At 31 March 2024	<u>5,499,845</u>

### 15 Financial instruments

	2025 £	2024 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through Statement of Financial Activities	<u>4,788,905</u>	<u>5,499,845</u>

### 16 Debtors

	2025 £	2024 £
<b>Amounts falling due within one year:</b>		
Trade debtors	51,760	50,988
Other debtors	-	4,754
Prepayments and accrued income	43,192	201,850
	<u>94,952</u>	<u>257,592</u>

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

	2025 £	2024 £
Other taxation and social security	32,850	26,184
Trade creditors	23,585	20,954
Accruals and deferred income	281,757	27,415
	<u>338,192</u>	<u>74,553</u>

Deferred income amounting to £11,053 arose as a result of 2 year subscriptions paid in advance. Amounts are released to the Statement of Financials Activities within the period to which the subscription relates.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 18 Endowment funds

	At 1 April 2024 £	Incoming resources £	Transfers £	Gains and losses £	At 31 March 2025 £
<b>Permanent endowments</b>					
Nigel Vinson fund	4,176,143	-	-	(93,647)	4,082,496
<b>Expendable endowments</b>					
Ralph Harris Fund	1,275,463	-	-	(169,054)	1,106,409
	<u>5,451,606</u>	<u>-</u>	<u>-</u>	<u>(262,701)</u>	<u>5,188,905</u>
<b>Previous year:</b>	<b>At 1 April 2023 £</b>	<b>Incoming resources £</b>	<b>Transfers £</b>	<b>Gains and losses £</b>	<b>At 31 March 2024 £</b>
<b>Permanent endowments</b>					
Nigel Vinson fund	-	3,945,143	(49,000)	280,000	4,176,143
<b>Expendable endowments</b>					
Ralph Harris Fund	1,607,000	31,463	(369,000)	6,000	1,275,463
	<u>1,607,000</u>	<u>3,976,606</u>	<u>(418,000)</u>	<u>286,000</u>	<u>5,451,606</u>

The Ralph Harris Fund was established as an expendable endowment fund to support the position of the Executive Director (ED) of the IEA, which means all and any costs incurred by the IEA in support of the Executive Director in the performance of his or her responsibilities, including support staff, their recruitment and termination, and a contribution to the overheads of running their office.

The Nigel Vinson Fund was established as a permanent endowment fund to support joint working between the IEA and the University of Buckingham to widen the understanding of the Constitution of Liberty and the freedoms that are the foundations of our society, particularly in social market economies where free speech and free trade are conducted within a moral framework. Each year the surplus of the fund to a level agreed by an authorising board is expended on scholarship, education, academic programmes, events and outreach in support of this mission through collaboration between both parties and focused on but not limited to the Vinson Centre for Economics and Entrepreneurship at the University of Buckingham.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 19 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 April 2024 £	Incoming resources £	Resources expended £	At 31 March 2025 £
Rising Tide (IATP/Africa Projects)	48,000	16,127	(64,127)	-
SOF (was Student Outreach and Opportunity)	20,000	6,000	(12,142)	13,858
International Projects(was Epicenter)	26,106	-	(26,106)	-
Whetstone Freedom Fund	8,144	176,372	(76,477)	108,039
Building Maintenance Fund	-	42,954	(42,954)	-
Future of the Right Event	-	3,249	(3,249)	-
Islam and Liberty Network	-	900	(900)	-
The Ralph Harris Lecutre	-	8,041	(8,041)	-
Rising Tide- a Coalition of Alternative Solutions	-	8,623	(1,830)	6,793
Nobel Prize Posters	-	6,199	(6,199)	-
Mont Pelerin Society (MPS)	-	4,781	(4,781)	-
	<u>102,250</u>	<u>273,246</u>	<u>(246,806)</u>	<u>128,690</u>
<b>Previous year:</b>	<b>At 1 April 2023 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>At 31 March 2024 £</b>
Events Publication	-	1,000	(1,000)	-
Linda Whetstone Scholarship	-	32,000	(32,000)	-
Building Restoration Fund	104,000	-	(104,000)	-
Rising Tide (IATP/Africa Projects)	110,000	65,000	(127,000)	48,000
SOF (was Student Outreach and Opportunity)	16,000	11,000	(7,000)	20,000
International Projects (was Epicenter)	116,000	19,856	(109,750)	26,106
Think Tent	-	44,000	(44,000)	-
Vision Centre at the University of Buckingham	-	49,000	(49,000)	-
Whetstone Freedom Fund	-	8,144	-	8,144
	<u>346,000</u>	<u>230,000</u>	<u>(473,750)</u>	<u>102,250</u>



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 19 Restricted funds

(Continued)

The Student Opportunity Fund (SOF) which was (Student Outreach and Opportunity Fund) is used exclusively to assist students who are experiencing financial difficulty to attend education programmes and internships at the Institute of Economic Affairs or the Vinson Centre.

Whetstone Freedom Fund was established in 2024 as the rebadged name of the legacy funds from the Network for a Free Society transferred to the stewardship of the IEA from 2022. Whetstone Freedom Fund empowers classical liberal organisations to spread the core principles of a free society in every corner of the world.

Future of the Right Event was a one-off event in July 2024 debating the future of the right in the UK.

The Rising Tide IATP/Africa projects foundation supports the Initiative on African Trade and Prosperity championing free market policies for Africa to relieve poverty and promote peace, prosperity and liberty.

Donations were received to grant to the Islam and Liberty Network to advance understanding of political and economic freedom for peace and prosperity in Muslim majority countries.

The Ralph Harris Lecutre was a once-off event held in December 2024 with economist Tyler Goodspeed. The donations were fully expended on the main event.

The Rising Tide Coalition of Alternative Solutions is an ongoing project to consider the effects of state-led welfare and its limitations, through panel discussions, writing and events.

Building maintenance funds were expended on improving the thermal comfort of 2 Lord North Street, renovation of interior events spaces, and the completion of major works from the prior year.

Donations were received for staff to attend the 2024/25 Mont Perelin Society Conference in India.

Donations were received to display portraits of Nobel Prize winning economists within 2 Lord North Street.

### 20 Unrestricted funds

	At 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2025 £
Designated Fixed Asset Fund	491,461	-	(16,639)	-	474,823
Unrestricted general funds	273,779	1,066,428	(1,888,740)	-	(548,533)
	<u>765,240</u>	<u>1,066,428</u>	<u>(1,905,378)</u>	<u>-</u>	<u>(73,710)</u>
<b>Previous year:</b>	<b>At 1 April 2023 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Transfers £</b>	<b>At 31 March 2024 £</b>
Fixed Asset Fund	510,000	-	(18,539)	-	491,461
Unrestricted general funds	709,000	1,640,779	(2,494,000)	418,000	273,779
	<u>1,219,000</u>	<u>1,640,779</u>	<u>(2,512,539)</u>	<u>418,000</u>	<u>765,240</u>



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 20 Unrestricted funds

(Continued)

The Fixed Asset Fund represents donations made to the Institute currently designated and used by the Trustees for the purpose of acquiring freehold and investment property. A transfer has been made between the Fixed Asset Fund and the general funds in order to reflect the depreciation of the freehold property on the period.

Unrestricted general funds represent free reserves after allowing for all designated funds.

### 21 Analysis of net assets between funds

	Unrestricted funds 2025 £	Restricted funds 2025 £	Endowment funds 2025 £	Total 2025 £
<b>At 31 March 2025:</b>				
Tangible assets	537,157	-	-	537,157
Investments	-	-	4,788,905	4,788,905
Current assets/(liabilities)	(610,867)	128,690	400,000	(82,177)
	<u>(73,710)</u>	<u>128,690</u>	<u>5,188,905</u>	<u>5,243,885</u>
	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total 2024 £
<b>At 31 March 2024:</b>				
Tangible assets	569,163	-	-	569,163
Investments	48,239	-	5,451,606	5,499,845
Current assets/(liabilities)	147,838	102,250	-	250,088
	<u>765,240</u>	<u>102,250</u>	<u>5,451,606</u>	<u>6,319,096</u>

### 22 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 pension costs of the charities scheme amounted to £45,512 (2024:£50,209). There were no contributions outstanding at the end of the period.



# THE INSTITUTE OF ECONOMIC AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 23 Operating lease commitments

#### Lessee

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:

	2025 £	2024 £
Within one year	6,108	9,573
Between two and five years	34,261	13,274
	<u>40,369</u>	<u>22,847</u>

### 24 Related party transactions

Donations and fees of £120,400 (2024: £580,600) were received or pledged in the period from IEA Forum Limited, a company in which a Trustee is a director, and three Trustees are members. £19,606 (2024: £122,600) was outstanding at the year-end in respect of these transactions.

Donations from trustees in the period totalled £56,000 (2024: £51,490). Donations from staff and consultants in the period totalled £90 (2024: £nil). There were no amounts outstanding at this or the previous period end in respect of these transactions.

No conditions were attached to any of these donations which would require the charity to significantly alter the nature of its existing activities.

### 25 Cash (absorbed by)/generated from operations

	2025 £	2024 £
(Deficit)/surplus for the year	(1,075,211)	3,147,096
<b>Adjustments for:</b>		
Investment income recognised in statement of financial activities	(130,716)	(114,911)
Fair value gains and losses on investments	262,701	(286,000)
Depreciation and impairment of tangible fixed assets	32,007	32,926
<b>Movements in working capital:</b>		
Decrease in debtors	162,640	89,408
Increase/(decrease) in creditors	263,639	(35,447)
<b>Cash (absorbed by)/generated from operations</b>	<u>(484,940)</u>	<u>2,833,072</u>

**THE INSTITUTE OF ECONOMIC AFFAIRS LIMITED**

England & Wales - Charity number 235351

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# Accounts

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**The Institute of Economic Affairs**  
**(A Charitable Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

for the year ended

31 March 2024

Company Registration No. 755502  
Registered Charity No. 235351

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 755502

Charity Registration Number: 235351

### TRUSTEES

Linda Edwards Chairman – appointed 20 July 2023

Neil Record Chairman – resigned 20 July 2023

Kevin Bell

Professor Christian Bjørnskov

Robert Boyd

Thomas Harris

Robin Edwards Treasurer

Professor Patrick Minford

Bruno Prior

Professor Martin Ricketts

### EXECUTIVE DIRECTOR

Tom Clougherty

### EDITORIAL DIRECTOR

Dr Kristian Niemietz

### SECRETARY

Andrew Mayer

### REGISTERED OFFICE

2 Lord North Street

Westminster

London SW1P 3LB

### AUDITOR

Streets Audit LLP

Chartered Accountants & Statutory Auditor

1 Mark Square

Shoreditch

London

EC2A 4EG

### BANKERS

Barclays Bank PLC

Leicester

LE87 2BB

### INVESTMENT MANAGERS

CCLA Investment Management Limited

Vanguard Asset Management

Evelyn Partners Investment Managers LLP (EPIM)

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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The Trustees present their report together with the financial statements of the Institute of Economic Affairs (IEA) for the year ended 31 March 2024.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, 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 (published October 2019).

### STATUS

The Institute of Economic Affairs is a charitable company limited by guarantee. The Institute was established through a trust deed in November 1955 and incorporated in 1963. It was set up under a Memorandum of Association which sets out its objects and powers and is governed under its Articles of Association. It is a registered charity No. CC/235351.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The IEA is a charitable company limited by guarantee (ie without shares) whose Members are limited in liability to £1 each on termination of the company.

The IEA's current membership are the nine serving Trustees and three former Chairmen of the Board who on resignation of their Chairmanships were appointed Life Vice Presidents (LVPs), provided that there are no more than three. The longest serving LVP retires on the ascension of the newest LVP, with the named exception of Lord Vinson, the original LVP. Members have voting rights at the Annual General Meeting of the IEA, but only current Trustees comprise the Board of Directors.

The IEA is managed by its Executive Director & Ralph Harris Fellow, Tom Clougherty, who oversees all aspects of its affairs and is responsible for achieving its goals. He reports three times a year to the Board of Trustees and more frequently to its Finance and General Purposes Committee (F&GP), comprising the committee Chairman, the Chairman of the Board, the Treasurer, and two further board members. These individuals also serve as the Audit Committee.

Decisions about the level and mix of activities are made by the Trustees; about detailed day-to-day operations by a senior leadership team comprising the Executive Director, Chief Operating Officer, Editorial Director, Director of Communications & Public Policy, and Director of International Outreach.

The Chairman of the Board and the Chairman of the Finance and General Purposes Committee form the Remuneration sub-committee which reviews the Executive Director's performance annually. Three of the Trustees, including the Chairman of the Board, form a Nominations subcommittee which recommends potential Trustees to the full Board from time to time.

Three of the Trustees, who must be current or retired academics, lead the Academic Advisory Council (which has no fixed number), which meets annually and communicates more regularly with a wider network of between 50-100 academic fellows to support the academic work of the IEA. This includes writing, editing, peer review and setting academic standards.

Three of the Trustees, 3-5 external advisors, and temporarily an external acting Chairman form the Education Advisory Committee, which meets biannually and communicates more regularly with a wider network of 50-100 educators to support the educational outreach work of the IEA. This includes speaking in schools and universities, curriculum alignment, digital resources and supporting staff in the education team.

The IEA also seeks input and advice from an Advisory Council which is led by the Treasurer and has no fixed number of members. The Council supports the IEA's outreach work to new individual donors, corporations and trusts, to ensure the long-term viability of the charity. The remits of both the Academic Advisory Council and Advisory Council are being reviewed in 2024.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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In December 2023, the position of Director General was retired and the former holder of the position began a new contract as Senior Economics Fellow, from which he resigned in January 2024 to pursue a new venture outside the IEA. The new title for the chief officer of the IEA is Executive Director and Ralph Harris Fellow. Following the unrelated exit of the former Academic and Research Director, the title of this position reverted to Editorial Director, as used previously.

### OBJECTIVES AND ACTIVITIES

The charity's main aims are to promote learning by means of research into economics and political science and to improve public understanding thereof. We try to achieve our objectives by means of the activities listed below, which include allocated support costs.

Academic programmes:

- Research - conducting research and publishing books, papers, and briefings.
- Education – organising events, seminars and conferences – many of them for students
- International – establishing partnerships with think tanks, mainly in Europe, Africa and Asia
- Communicating and distributing our work through traditional and digital media

Fundraising and subscriber support (more details of our approach are provided below).

### PUBLIC BENEFIT

As detailed above, the charity's main aims are to promote learning by means of research into economics and political science and to improve public understanding thereof. We bring analysis of issues relating to political economy to the public's attention through our various academic programmes and other activities. The Trustees confirm that, in exercising their powers and fulfilling their responsibilities in pursuit of the aims described above, they have paid due regard to the guidance on public benefit published by the Charity Commission.

### FUNDRAISING

The IEA is entirely independent of any political party or group and is funded by voluntary donations from individuals, companies and foundations who want to support its work plus small amounts of income from subscriptions, event partnerships, conferences, book sales and investments.

The IEA does not use commercial fundraisers nor carry out mass mailing/communications exercises. Most donors come to the IEA unprompted or via third party recommendations. Where the IEA seeks prospective donors to pro-actively reach out to, this is done using published data from the Electoral Commission and similar organisations.

Communications with donors are in the format and frequency they prefer. Internal protocols exist to desist from communicating with donors who have ceased to donate and have not responded to further communication. New donors are investigated to the best of the IEA's ability to ensure that donations have not come from government organisations and that they are from people or organisations of good standing.

A diligent approach is taken to ensure that all donations are intended, not accidental or from someone who may not understand the nature of the donation they are giving. The IEA has received no complaints regarding its fundraising activities.

### REVIEW OF ACHIEVEMENTS

We produced 20 new publications of which 5 were books, 10 were full-length Discussion Papers and 5 were Briefings. These covered a wide range of issues including classical liberal approaches to international relations, attitudes to markets in the Abrahamic religions, inflation, vaping, markets in defence procurement, social mobility, smoking prohibition, behavioural economics seen through the lens of the work of the

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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classical economists, and the economics of catastrophic events. Our publications have been downloaded or viewed online over 100,000 times in the last year with *Did Lockdowns Work?* and *Has Brexit Really Harmed UK Trade?* among the biggest hits in terms of online reach. We have also begun to produce audio versions of some of our titles. So far, twelve of our publications have been recorded and released on our website and through a new podcast channel 'IEA Publications'.

In partnership with John Wiley & Sons Ltd and the University of Buckingham we continue to publish the academic journal *Economic Affairs*, three times a year. The Journal, in print since 1980, is provided in hardcopy to university libraries and otherwise downloaded over 120,000 times a year. Our readers and contributors come from a wide range of backgrounds and disciplines, not least those working in think tanks, research institutes, and universities as well as international organisations such as the OECD. Recent well-known names who have been published in the journal include Professor Tim Congdon, Mark Skousen and Rainer Zitelmann.

The Education department has had another successful year influencing the climate of ideas in education and academia across the UK. In 2023/24 we visited 14 schools, hosted 13 academic discussions, ran 10 internships, 3 essay competitions, 2 teachers' seminars, an Oxbridge training day, and 2 alumni drinks receptions, connecting with over 2,500 students, 1,200 teachers and 300 university societies with our newsletters and online content. In January we hired an additional staff member to run our new Vinson Internship at the University of Buckingham, a term long research internship bringing classical liberal ideas to aspiring academics and students of Buckingham. In March we received a record number of 500 entries to our annual essay competitions and streamlined our internal processes with a project management tool, Monday.com which has improved our ability to track key metrics and enabled us to systematise the recruitment process for our internships and competitions. Professor Syed Kamall became Head of Academic Outreach in March to bolster our engagement with academics. Since then, we have seen attendance at our monthly academic lunches double and we have a conference on Markets and Morality in the works for this November. We recently launched a new alumni series 'Career Talks' with our Development and Operations departments, where older alumni share their insights with the younger generation of alumni on how to launch successful careers in law, finance, business and beyond.

The IEA had 5,275 media appearances across print, broadcast and online in 2023/24, which is in line with last year's peak and amounted to an average of 14 per a day. The Institute's publications and expert policy commentary received significant attention, including major front-page coverage of *Did Lockdowns Work?* in *The Telegraph*.

We have produced a record-breaking 260 videos, helping boost YouTube subscriber numbers by 6,800 and achieving 2.2 million views. The IEA's Twitter/X posts had 58 million impressions, while podcasts were downloaded 86,800 times and 13,000 people receive our weekly newsletter.

The international programmes of the IEA grew significantly in terms of size and impact over 2023-24. Our international grant programme delivered 22 grants to partners, enabling 17 different translations of 10 IEA publications in 14 languages, and distributing over 16,300 printed books globally. The grants also facilitate over 50 events centred around the themes presented in our books and enable the creation of an array of new videos and social media content. In total, these activities are expected to reach an audience of over 2.5 million.

Our Initiative for African Trade and Prosperity (IATP) has supported its partners across the continent with over \$55,000 worth of grants towards projects engaging with over 40,000 people in three different languages across twenty plus events. Tackling the challenges of promoting cross-border trade, the IATP has helped its partners produce three localised policy briefs which are being used to educate policy makers, academics and the media across the region.

Our European outreach initiatives reached new highs, as EPICENTER, our network of classical liberal think tanks, completed four major pan-European projects, leading to 37 blogs, 7 briefings, and 15 publications. These activities were mentioned by over 1000 mainstream media outlets reaching an estimated 130 million Europeans.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### FINANCIAL REVIEW

Total income for the year was £5,846,000 (2023: £2,318,000) and total expenditure was £2,985,000 (2023: £2,426,000). Income included the new endowment of £3,871,000 referred to below. Expenditure included £325,000 spent on essential restoration work, which was partly funded through restricted donations and partly from reserves. After taking account of gains on investments of £286,000 (2023: losses £62,000), there was a net increase in funds of £3,147,000 (2023: £170,000) in the year. Restricted income was £230,000 (2023: £569,000) compared with expenditure on restricted projects of £474,000 (2023: £336,000). Investment income on Endowment Funds during the year amounted to £105,000 (2023: £35,000). Total net assets increased to £6,319,000 (2023: £3,172,000). The financial statements, together with the notes thereto, expand on these outline details.

The Finance and General Purposes Committee and the full Board of Managing Trustees regularly review the amount of donations. Excluding the new endowment, there was a 19% decrease in donations income compared with 2022/23. We are grateful to all our donors for supporting our work.

### GRANT MAKING POLICY

The Trustees make occasional grants to individuals to support their research and to attend conferences. These are often from restricted funds donated specifically for such purposes. From time-to-time grants may be made to other institutes where the Trustees think it appropriate. All such projects are assessed by reference to our mission.

### INVESTMENT AND RESERVES POLICIES

The Institute's educational mission has a long-term orientation, as noted above, whereas our ability to carry out our work depends on attracting annual donations in a highly competitive fund-raising environment. Accordingly, the Trustees' policy is to invest conservatively. The Ralph Harris Fund is invested with a long-term time horizon. The Treasurer and the Finance and General Purposes Committee regularly review investment results.

In May 2023 the IEA signed a Memorandum of Understanding with Nigel Vinson Charitable Trust and University of Buckingham to create a new perpetual endowment fund, the Nigel Vinson Fund, under the stewardship of the IEA but with aligned purposes and common governance arrangements with the existing fund established in June 2018 by the same three parties, but under the stewardship of the University. Both funds exist to widen the understanding of the Constitution of Liberty and the freedoms that are the foundations of our society, particularly in social market economies where free speech and free trade are conducted within a moral framework. The fund contributes to the growth of academic and educational outreach work at the IEA where that work is in collaboration with the University and is focused on but not limited to the Vinson Center for Economics and Entrepreneurship and all works supportive of the aligned educational purposes of each.

The Nigel Vinson Fund is managed by Evelyn Partners, who since January 2024 have also taken over management of the Ralph Harris Fund. The Trustees appointed Tom Harris (who is unrelated) to be the Vinson Fellow on the Authorising Board of the Nigel Vinson Fund, where the IEA is also represented by the Executive Director, Tom Clougherty, and the University by the Vice-Chancellor, James Tooley.

The Trustees' policy on reserves, which is reviewed annually, is to have sufficient liquid funds on hand to cover 10% of budgeted expenditure, which amounts to approximately £334,000. We believe this is adequate under normal circumstances to enable us to maintain operations in the event of seasonal or other fluctuations in donations and/or expenditure. This target was not met at the year end in that there was cash at bank and in hand of £66,000 in addition to the cash deposits held within the investment funds of £60,000. The Trustees have taken action to rectify this situation over the coming financial year.

The Trustees do not seek to accumulate reserves but rather to apply donations in support of the Institute's programmes in accordance with donors' intent. The free reserves of the charity as at 31 March 2024, defined

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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as being unrestricted, undesignated funds not represented by tangible fixed assets, amounted to £197,000 (2023: £621,000).

### RISK REVIEW

The principal risks and uncertainties to which the IEA is exposed are reputational, loss of key personnel, and financial.

Reputational risk centres on the quality and integrity of the Institute's research and publications and other activities. All the IEA's major publications are peer reviewed. The system was managed in the period by the Academic and Research Director and supervised by the Chairman of our Academic Advisory Board, Professor Martin Ricketts.

The IEA maintains strict independence from commercial, party political or other interests. It does not accept commissions to perform research on behalf of commercial or governmental interests.

The performance of key personnel is reviewed at least annually, either by the Executive Director or by a small committee of Trustees led by the Chairman, to assess whether both the employer's and employees' objectives are being satisfied. As with any small organisation, it is not possible to completely protect against the loss of key people.

Financial risks and uncertainties are largely covered by the Reserves and Investment policies noted above. The Trustees examine at least once a year the major strategic, operational, and financial risks and uncertainties which the Institute faces, either at regular or special Board meetings, or through the Finance and General Purposes Committee.

### FUTURE PLANS

In 2024-25, the IEA intends to continue to produce high-calibre research on economic matters, the regulatory environment, energy and climate change, lifestyle issues and more. We will continue to engage with educators, academics, universities and alumni through our extensive student and teacher outreach programme and through our comprehensive communications strategy.

### TRUSTEES

The following were Trustees (who are directors for the purposes of company law) at the time of signing this report and financial statements. They all held office throughout the year ended 31 March 2024 and up to the date of signing this report, unless otherwise stated.

Neil Record	Chairman – resigned 20 July 2023
Linda Edwards	Chairman – appointed 20 July 2023
Kevin Bell	
Professor Christian Bjørnskov	
Robert Boyd	
Thomas Harris	
Robin Edwards	Treasurer
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	

None of the Trustees has an interest, direct or indirect, in any contract entered into by the Institute. The Trustees may from time to time and at any time, appoint any person to be a Trustee, up to the prescribed maximum of twelve. Appointments are normally made on the recommendation of the Nominations Committee. Any Trustee so appointed retains office until the next Annual General Meeting, and is then eligible for re-election on a three-year rotating basis.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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New Trustees, who are already familiar with the Institute prior to appointment, are 'trained' mostly on the job by attending meetings of Trustees. They are provided with notes covering the Institute's mission, history, organisation, governance, and details of the other Trustees, together with the latest Trustees' Report and Financial Statements. Newly appointed Trustees will usually already have substantial board level or departmental management experience in either the commercial or academic arenas.

### PAY POLICY FOR SENIOR STAFF

The performance of key personnel is reviewed at least annually, either by the Executive Director or by a small committee of Trustees, led by the Chairman. Pay increases and bonuses are awarded to reward merit. Decisions regarding pay levels are informed by reference to other think tanks and also comparable positions in related sectors.

### TAXATION STATUS

The charitable company is a registered charity and, as such, for taxation purposes is entitled to exemption under the Income and Corporation Taxes Act 1988.

### AUDITOR

A resolution to reappoint Streets Audit LLP, as auditors will be put to the members at the annual general meeting.

The Trustees have taken advantage of the exemptions available under the small companies' regime from the requirement to prepare a strategic report and in preparing the Trustees' Report.

By order of the board



Linda Edwards  
Chairman

5 Nov. 2024

# The Institute of Economic Affairs

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees (who are also directors of the Institute of Economic Affairs for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 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 company will continue in business.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board



Linda Edwards  
Chairman

5 Nov 2024

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2024

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### **Opinion**

We have audited the financial statements of the Institute of Economic Affairs, ('the charity'), for the year ended 31 March 2024 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 about the charitable company's ability to continue as a going concern for a period of at least twelve months from the date 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 trustees are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2024

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### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

### **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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.

Our approach to identifying and assessing 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 audit 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 knowledge and experience of the charity and sector in which it operates;
- 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, charities legislation, taxation legislation, data protection, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence, if required; and

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2024

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- 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; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed a sample of grants in the year to ensure accurate recognition;
- agreed a sample of employees on the payroll to existence and agreed the accuracy of the pay;
- assessed and reviewed the appropriateness and effectiveness of the key systems and controls;
- assessed whether judgements and assumptions made in determining the accounting estimates set out were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and on-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed 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 trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

ROBERT ANDERSON (Senior Statutory Auditor)



for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

1 Mark Square

Shoreditch

London

EC2A 4EG

Date: 2 December 2024

The Institute of Economic Affairs  
STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)  
For the year ended 31 March 2024

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	Total 2024 £000	Total 2023 £000
<b>INCOME FROM:</b>						
Donations	2	1,547	230	3,871	5,670	2,176
Legacies		22	-	-	22	-
Charitable activities:						
Publications and subscriptions		11	-	-	11	33
Other trading activities		51	-	-	51	63
Investments:						
Dividends receivable		-	-	75	75	22
Interest receivable		8	-	30	38	19
Foreign exchange gain		1	-	-	1	5
<b>TOTAL</b>		<b>1,640</b>	<b>230</b>	<b>3,976</b>	<b>5,846</b>	<b>2,318</b>
<b>EXPENDITURE ON:</b>						
Raising Funds:						
Fundraising and subscriber support		477	21	-	498	314
Charitable activities:						
Academic programme:						
Research and Publications		687	28	-	715	799
Student/Teacher outreach		454	90	-	544	377
International outreach		259	186	-	445	203
Communications		634	149	-	783	733
<b>TOTAL</b>	3	<b>2,511</b>	<b>474</b>	<b>-</b>	<b>2,985</b>	<b>2,426</b>
Net Gains on Investments:						
Realised gains on disposals		-	-	59	59	60
Unrealised gains/(losses)		-	-	227	227	(122)
<b>NET (EXPENDITURE)/ INCOME</b>	4	<b>(871)</b>	<b>(244)</b>	<b>4,262</b>	<b>3,147</b>	<b>(170)</b>
Transfers between funds		418	-	(418)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>(453)</b>	<b>(244)</b>	<b>3,844</b>	<b>3,147</b>	<b>(170)</b>
<b>RECONCILIATION OF FUNDS:</b>						
<b>TOTAL FUNDS BROUGHT FORWARD</b>	11,12, 13,14	<b>1,219</b>	<b>346</b>	<b>1,607</b>	<b>3,172</b>	<b>3,342</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	11,12, 13,14	<b>766</b>	<b>102</b>	<b>5,451</b>	<b>6,319</b>	<b>3,172</b>

# The Institute of Economic Affairs

BALANCE SHEET  
As at 31 March 2024

Company Registration No. 755502  
Registered Charity No. 235351

	<i>Notes</i>	31 March 2024	31 March 2023
		£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	7	569	598
Investments	8	5,500	1,963
		<u>6,069</u>	<u>2,561</u>
<b>CURRENT ASSETS</b>			
Debtors	9	258	347
Cash at bank and in hand		66	374
		<u>324</u>	<u>721</u>
CREDITORS: Amounts falling due within one year	10	(74)	(110)
NET CURRENT ASSETS		<u>250</u>	<u>611</u>
NET ASSETS		<u>6,319</u>	<u>3,172</u>
<b>THE FUNDS OF THE CHARITY:</b>			
Endowment funds	11, 14	5,451	1,607
Restricted funds	12,14	102	346
Unrestricted funds	13,14	766	1,219
TOTAL FUNDS	14	<u>6,319</u>	<u>3,172</u>

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

The financial statements on pages 12 to 25 were approved by the Trustees and authorised for issue on

5 Nov ..... 2024 and are signed on their behalf by:

  
Linda Edwards  
Chairman

# The Institute of Economic Affairs

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

		2024 £000	2023 £000
Net cash generated from/(used in) operating activities	(A)	2,834	(356)
Cash flows from investing activities:			
Dividends and interest		113	41
Proceeds from sale of investments		2,102	373
Purchase of investments		(5,353)	(608)
Purchase of fixed assets		(4)	(85)
Net cash (absorbed by)/generated from investing activities		(3,142)	(279)
Change in cash and cash equivalents in the period	(B)	(308)	(635)
Cash and cash equivalents at 1 April		374	1,009
Cash and cash equivalents at 31 March		66	374
(A) RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH USED IN OPERATIONS:			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		3,147	(170)
Adjustments for:			
Depreciation charges		33	23
(Gains)/Losses on investments		(286)	62
Dividends and interest		(113)	(41)
Decrease/(Increase) in debtors		89	(74)
(Decrease) in creditors		(36)	(156)
Net cash generated from/(used in) operating activities		2,834	(356)
(B) ANALYSIS OF CHANGES IN NET DEBT			
Cash at bank and in hand at 1 April		374	1,009
Cash flow		(308)	(635)
Cash at bank and in hand at 31 March		66	374

# The Institute of Economic Affairs

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING AND GOING CONCERN

The Institute of Economic Affairs (IEA) is a charitable company limited by guarantee, and is registered, domiciled and incorporated in England. Its registered office is 2 Lord North Street, Westminster, London SW1P 3LB. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recognised at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective October 2019, the Charities Act 2011, and the Companies Act 2006. The Institute constitutes a public benefit entity as defined by FRS 102.

The Trustees confirm that at the time of approving the financial statements, there is a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Trustees have reviewed budgets and cash flow forecasts covering a period to 31 March 2026, taken account of current and anticipated financial performance in the current economic conditions, and the Institute's reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Institute's financial statements.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost, less depreciation. Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write each asset down evenly over its expected useful life, as follows:-

Freehold property over 40 years

Office equipment over 3 - 10 years depending on the nature of the asset

Expenditure of a capital nature below £1,000 is not capitalised, but charged to the Statement of Financial Activities in the year of expenditure.

### STOCKS AND WORK IN PROGRESS

No value for accounts purposes is attributed to stocks of unsold publications.

### PENSION CONTRIBUTIONS

The Institute operates a defined contribution scheme. Contributions are charged to the Statement of Financial Activities on an accruals basis. Amounts payable at the period end are included in other creditors.

### INCOME

Income from donations is included in income when these have been pledged by the donor, it is probable that the income will be received and the amount can be measured reliably, except:

- when donors specify that donations given to the charity must be used in future accounting periods, the income is deferred until those periods;
- when donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the pre-conditions for use have been met.

Subscription income is credited to income for the subscription period covered.

All other income including income from investments is credited to income when receivable by the charity.

### EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. All costs are allocated between expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources e.g. by floor space. Staff costs have been allocated according to the time spent on each activity.

# The Institute of Economic Affairs

## ACCOUNTING POLICIES

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### FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

### RESEARCH EXPENDITURE

Research expenditure is written off in the financial statements as it is incurred.

### ENDOWMENT FUNDS

The Ralph Harris Fund is an expendable endowment fund whose use is restricted to financial support for the position of the Executive Director, including employment and support costs.

The Nigel Vinson Fund is an expendable endowment fund whose use is restricted to supporting the academic and outreach work of the IEA in collaboration with the University of Buckingham.

### UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. Designated funds are unrestricted funds which the Trustees have currently designated for specific purposes. General funds are unrestricted funds for which no specific purposes have been designated.

### RESTRICTED FUNDS

Restricted funds are those donated to the Institute for one or more specific purposes.

### OPERATING LEASES

All operating lease rentals are recognised in the Statement of Financial Activities on a straight line basis over the life of the lease.

### FINANCIAL INSTRUMENTS

The charity has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

#### **Financial assets:**

Basic financial assets, including investments held as fixed assets, and trade and other receivables, are initially recognised at transaction price.

Investments held as fixed assets comprise equities, open-ended funds, fixed interest securities and currency and are stated at year end market value (bid-price). Realised gains and losses on disposal and unrealised gains and losses due to the movement in market value of investments are recognised in the Statement of Financial Activities.

Other financial assets are assessed at the end of each reporting period for objective evidence of impairment due to reduction in the recoverable amount. Any impairment losses are recognised in the Statement of Financial Activities.

#### **Financial liabilities:**

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Any subsequent changes to amounts payable are recognised in the Statement of Financial Activities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and areas of judgement included within these accounts.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

### 1 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2023 £000
<b>INCOME FROM:</b>					
Donations	2	1,607	569	-	2,176
<b>Charitable Activities:</b>					
Publications and Subscriptions		33	-	-	33
Other trading activities		63	-	-	63
<b>Investments:</b>					
Dividends receivable		-	-	22	22
Interest receivable		6	-	13	19
Foreign exchange gain		5	-	-	5
<b>TOTAL</b>		<u>1,714</u>	<u>569</u>	<u>35</u>	<u>2,318</u>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds:</b>					
Fundraising and subscriber support		300	14	-	314
<b>Charitable activities:</b>					
<b>Academic programme:</b>					
Research and Publications		692	107	-	799
Student/Teacher outreach		412	168	-	580
Communications		686	47	-	733
<b>TOTAL</b>	3	<u>2,090</u>	<u>336</u>	<u>-</u>	<u>2,426</u>
<b>Net Gains on Investments:</b>					
Realised gains on disposals		-	-	60	60
Unrealised losses		-	-	(122)	(122)
<b>NET (EXPENDITURE)/INCOME</b>	4	<u>(376)</u>	<u>233</u>	<u>(27)</u>	<u>(170)</u>
Transfers between funds		200	-	(200)	-
<b>NET MOVEMENT IN FUNDS</b>		<u>(176)</u>	<u>233</u>	<u>(227)</u>	<u>(170)</u>
<b>RECONCILIATION OF FUNDS:</b>					
<b>TOTAL FUNDS BROUGHT FORWARD</b>	11,12 13,14	<u>1395</u>	<u>113</u>	<u>1,834</u>	<u>3,342</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	11,12 13,14	<u>1,219</u>	<u>346</u>	<u>1,607</u>	<u>3,172</u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

2	DONATIONS	31 March 2024 £000	31 March 2023 £000
	Foundations, corporate and individuals		
	Restricted	230	569
	Unrestricted	1,547	1,607
	Endowment	3,871	-
		<u>5,670</u>	<u>2,176</u>

3	ALLOCATION OF COSTS 2024	Direct costs £000	Support costs £000	2024 Total £000
	Fundraising and subscriber support	21	477	498
	Research and Publications	104	611	715
	Student/Teacher Outreach	67	477	544
	International Outreach	235	210	445
	Communications	173	610	783
		<u>600</u>	<u>2,385</u>	<u>2,985</u>

Included within direct costs of International Outreach are grants of £94,149 (2023: £26,056) paid to organisations.

### ALLOCATION OF SUPPORT COSTS 2024

Personnel costs	1,642
Office costs	311
Property costs	415
Travel costs	17
	<u>2,385</u>

Support costs have been allocated as follows:

	Support costs	Personnel costs
Fundraising and subscriber support	20%	20%
Publications	27%	25%
Student/Teacher Outreach	31%	15%
International Outreach	4%	11%
Communications	18%	29%

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3	<i>ALLOCATION OF COSTS 2023</i>	<i>Direct costs £000</i>	<i>Support costs £000</i>	<i>2023 Total £000</i>
	<i>Fundraising and subscriber support</i>	27	287	314
	<i>Research and Publications</i>	157	642	799
	<i>Student/Teacher Outreach</i>	189	391	580
	<i>Special Events</i>	-	-	-
	<i>Communications</i>	158	575	733
		<u>531</u>	<u>1,895</u>	<u>2,426</u>

### *ALLOCATION OF SUPPORT COSTS 2023*

<i>Personnel costs</i>	1,579
<i>Office costs</i>	209
<i>Property costs</i>	79
<i>Travel costs</i>	28
	<u>1,895</u>

*Support costs have been allocated as follows:*

	<i>Support costs</i>	<i>Personnel costs</i>
<i>Fundraising and subscriber support</i>	16%	15%
<i>Research and Publications</i>	33%	34%
<i>Student/Teacher Outreach</i>	29%	19%
<i>Special Events</i>	0%	0%
<i>Communications</i>	22%	32%

4	NET EXPENDITURE	31 March 2024 £000	31 March 2023 £000
	Net expenditure for the period is stated after charging:		
	Depreciation – charge for period	33	23
	Governance Costs - Auditor’s remuneration	10	6
	Other Governance Costs	5	9
	Legal fees	50	1
	Operating lease rentals – plant and machinery	12	16
		<u>          </u>	<u>          </u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

### 5 TAXATION

The Institute is not liable to corporation tax on its income and gains in the current period to the extent that they are applied for charitable purposes.

### 6 EMPLOYEES

	31 March 2024 No.	31 March 2023 No.
--	-------------------------	-------------------------

The average monthly number of persons employed by the Institute during the period was:

Office and management	22	22
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	31 March 2024 £000	31 March 2023 £000
Staff costs for above persons:		
Wages and salaries, including benefits	1,129	1,067
Social security costs	129	128
Other pension costs	50	45
	<u>1,308</u>	<u>1,240</u>

	31 March 2024 No.	31 March 2023 No.
The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was as follows:		
£60,001 - £70,000	3	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1
£150,001 - £160,000	-	1
£180,001 - £190,000	1	-
	<u>1</u>	<u>-</u>

The employees earning over £60,000 participate in the company defined contribution pension scheme. Contributions paid in the period in respect of these employees amounted to £20,437 (2023: £42,970).

The key management personnel of the Institute comprise the Trustees, alongside a senior leadership team (SLT) currently comprising the Executive Director (replacing the Director General in December 2023), the Chief Operating Officer, the Editorial Director (replacing the Academic & Research Director in January 2024), the Director of Communications & Public Policy and the Director of International Outreach (both from February 2024). The former Chief Marketing & Creative Officer exited the SLT in December 2023 and the former Development Director in August 2023. The total employee benefits of these key management personnel were £449,920 (2023: £535,312), including pension and social security costs, and also consultancy fees paid to the Academic & Research Director and the Chief Marketing & Creative Officer who provided their services on a consultancy basis.

No Trustees, or persons related or connected to them, received any remuneration or reimbursement of expenses from the Institute during the period, other than as detailed in note 17 below.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

### 7 TANGIBLE FIXED ASSETS

	Freehold property £000	Office equipment £000	Total £000
Cost			
1 April 2023	965	97	1,062
Additions in year	-	4	4
Disposals in year	-	-	-
31 March 2024	<u>965</u>	<u>101</u>	<u>1,066</u>
Depreciation			
1 April 2023	455	9	464
Charged for period	18	15	33
Released on disposals	-	-	-
31 March 2024	<u>473</u>	<u>24</u>	<u>497</u>
Net book value			
31 March 2024	<u>492</u>	<u>77</u>	<u>569</u>
31 March 2023	<u>510</u>	<u>88</u>	<u>598</u>

### 8 FIXED ASSET INVESTMENTS

	Managed Portfolios £000	Open-end funds £000	Cash held on deposit £000	Total £000
Market value at				
1 April 2023	-	856	1,107	1,963
Additions	5,083	-	270	5,353
Disposals	-	(834)	(1,268)	(2,102)
Investment gains	308	(22)	-	286
Market value at 31 March 2024	<u>5,391</u>	<u>0</u>	<u>109</u>	<u>5,500</u>
Historical cost at 31 March 2024	<u>5,083</u>	<u>0</u>	<u>109</u>	<u>5,192</u>
Historical cost at 31 March 2023	<u>-</u>	<u>776</u>	<u>1,098</u>	<u>1,874</u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

9	DEBTORS	31 March 2024 £000	31 March 2023 £000
	Trade debtors	51	67
	Taxation recoverable	5	-
	Prepayments and accrued income	202	280
		<u>258</u>	<u>347</u>
		=====	=====

10	CREDITORS: Amounts falling due within one year	31 March 2024 £000	31 March 2023 £000
	Trade creditors	21	26
	Taxation and social security	26	31
	Accruals and deferred income	27	53
		<u>74</u>	<u>110</u>
		=====	=====

Deferred income has arisen as a result of 2 year subscriptions paid in advance. Amounts are released to the Statement of Financial Activities within the period to which the subscription relates.

	31 March 2024 £000	31 March 2023 £000
Deferred income at 1 April 2023	1	1
Released to Statement of Financial Activities in period	(1)	(1)
Deferred in period	1	1
Deferred income at 31 March 2024	<u>1</u>	<u>1</u>
	=====	=====

### 11 EXPENDABLE ENDOWMENT FUNDS

	At 1 April 2023 £000	Endowment in the Year £000	Investment Income £000	Transfers between funds £000	Investment Gains £000	At 31 March 2024 £000
Ralph Harris Fund	1,607	-	31	(369)	6	1,275
Nigel Vinson Fund	-	3,871	74	(49)	280	4,176
	<u>1,607</u>	<u>3,871</u>	<u>105</u>	<u>(418)</u>	<u>286</u>	<u>5,451</u>
	=====	=====	=====	=====	=====	=====

The Ralph Harris Fund has been established as an expendable endowment fund to endow the position of the Executive Director of the IEA as “Executive Director and Ralph Harris Fellow.”

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

During the year, the Nigel Vinson Charitable Trust gifted a sum to the IEA to form the Nigel Vinson Fund to endow joint working between the IEA, the University of Buckingham and the Nigel Vinson Charitable Trust:

To widen the understanding of the Constitution of Liberty and the freedoms that are the foundations of our society, particularly in social market economies where free speech and free trade are conducted within a moral framework;

To promote the scholarly exploration of these ideas;

To promote the career progression of young scholars who engaged with those ideas;

To devise and deliver academic programmes and events to educate the wider academic community, and younger people more widely in the nature and importance of these ideas;

And through this to contribute to the growth of the academic and outreach work of the IEA where that work is in collaboration with the University of Buckingham, focused on but not limited to the Vinson Center for Economics and Entrepreneurship, and all works supportive of the aligned educational purposes of each.

## 12 RESTRICTED FUNDS

	At 1 April 2023	Income	Expenditure	At 31 March 2024
	£000	£000	£000	£000
Events and Publications	-	1	(1)	-
Linda Whetstone Scholarship	-	32	(32)	-
Building Restoration Fund	104	-	(104)	-
IATP	110	65	(127)	48
Student Outreach and Opportunity	16	11	(7)	20
Epicenter	116	28	(110)	34
Think Tent	-	44	(44)	-
Vinson Centre at the University of Buckingham	-	49	(49)	-
	<u>346</u>	<u>230</u>	<u>(474)</u>	<u>102</u>

The IEA secured funds for a scholarship in memory of Linda Whetstone.

Donations were received in response to a fundraising appeal to cover the costs of essential building restoration work.

The Initiative for African Trade and Prosperity (IATP) is guided by the core belief that bottom-up free market policies are the most effective way to alleviate poverty, amplify liberty and create a more peaceful future.

The IEA's Student Outreach Programme aims to spread understanding of free markets and their benefits to students, and includes a Student Opportunity Fund to provide financial support to students who otherwise couldn't access IEA programmes.

Donations were received to support Epicenter, a network of public policy organisations from European countries.

Donations were received to establish a marquee, Think Tent, organised with two other think tanks, to be the central point for free market debate at the Conservative Party Conference.

The Vinson Centre at the University of Buckingham seeks to further the study of liberal economics in the UK.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

### 13 UNRESTRICTED FUNDS

	At 1 April 2023 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2024 £000
Designated Funds					
Fixed Asset Fund	510	-	(18)	-	492
Designated unrestricted funds	<u>510</u>	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>492</u>
Unrestricted general funds	709	1,640	(2,493)	418	274
	<u>1,219</u>	<u>1,640</u>	<u>(2,511)</u>	<u>418</u>	<u>766</u>

The Fixed Asset Fund represents donations made to the Institute currently designated and used by the Trustees for the purpose of acquiring freehold and investment property. A transfer has been made between the Fixed Asset Fund and general funds in order to reflect the depreciation of the freehold property in the period.

Unrestricted general funds represent free reserves after allowing for all designated funds.

### 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated Funds £000	General Funds £000	Restricted funds £000	Endowment funds £000	Total funds £000
Fund balances at 31 March 2024 are represented by:					
Tangible fixed assets	492	77	-	-	569
Investments	-	49	-	5,451	5,500
Current assets	-	222	102	-	324
Current liabilities	-	(74)	-	-	(74)
Total net assets	<u>492</u>	<u>274</u>	<u>102</u>	<u>5,451</u>	<u>6,319</u>

### 15 PENSION SCHEMES

The Institute operates a defined contribution scheme and contributions to the scheme are made to an independent insurance company.

The pension costs of the Institute's scheme amounted to £50,209 (2023: £45,364). There were no contributions outstanding at the end of the period.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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### 16 STATUS

The Institute is a company limited by guarantee and has no share capital. The Institute had 12 (2023: 10) members at the period end.

The Memorandum of Association provides that members are liable to contribute a sum not exceeding £1 each in the event of the company being wound up while they are members or within one year of ceasing to be members.

### 17 RELATED PARTY TRANSACTIONS

During the period £41,575 was incurred in employment costs (2023: £122,751) of the partner of the Director General, who was a full-time employee of the Institute until August 2023. There was no amount outstanding at this or the previous period end in respect of these transactions.

Donations from trustees in the period totalled £51,490 (2023: £126,050). Donations from staff and consultants in the period totalled nil (2023 £610). There were no amounts outstanding at this or the previous period end in respect of these transactions.

Donations and fees of £580,600 (2023: £376,370) were received or pledged in the period from IEA Forum Limited, a company in which a Trustee is a director, and three Trustees are members. £122,600 (2023: £80,792) was outstanding at the year-end in respect of these transactions.

No conditions were attached to any of these donations which would require the charity to significantly alter the nature of its existing activities.

The IEA conducts its European Outreach activities through Epicenter, a network of public policy organisations from European countries. Epicenter is an AISBL established in Belgium, with IEA senior employees as its directors. The movement in restricted funds relating to Epicenter are shown in note 12. In addition, expenditure from unrestricted funds of £86,417 (2023: £49,654), and the donation of the services of the Director of Epicenter for the first five months of the year, were made to support the activities of Epicenter during the year. The employment costs relating to the Director of Epicenter were £15,486 (2023: £29,058).

### 18 COMMITMENT UNDER OPERATING LEASES

The total future minimum lease payments, at the reporting date, under non-cancellable operating leases are as follows:	31 March 2024 £000	31 March 2023 £000
Amounts due:		
- within one year	10	13
- between one and five years	13	23
	=====	=====

### 19 FINANCIAL INSTRUMENTS

	31 March 2024 £000	31 March 2023 £000
Financial Assets, at fair value:		
Investments held as fixed assets	5,451	1,954
	=====	=====

**THE INSTITUTE OF ECONOMIC AFFAIRS LIMITED**

England & Wales - Charity number 235351

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# Accounts

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**The Institute of Economic Affairs**  
**(A Charitable Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

for the year ended

31 March 2023

Company Registration No. 755502  
Registered Charity No. 235351

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 755502

Charity Registration Number: 235351

### TRUSTEES

Linda Edwards Chairman – appointed 20 July 2023

Neil Record Chairman – resigned 20 July 2023

Kevin Bell

Professor Christian Bjørnskov

Robert Boyd

Thomas Harris

Appointed 9 March 2023

Robin Edwards

Treasurer

Professor Patrick Minford

Bruno Prior

Professor Martin Ricketts

### DIRECTOR GENERAL

Mark Littlewood

### ACADEMIC & RESEARCH DIRECTOR

James Forder

### SECRETARY

Andrew Mayer

### REGISTERED OFFICE

2 Lord North Street

Westminster

London SW1P 3LB

### AUDITOR

Streets Audit LLP

Chartered Accountants & Statutory Auditor

1 Mark Square

Shoreditch

London

EC2A 4EG

### BANKERS

Barclays Bank PLC

Leicester

LE87 2BB

### INVESTMENT MANAGERS

CCLA Investment Management Limited

Vanguard Asset Management

Evelyn Partners Investment Managers LLP (EPIM)

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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The Trustees present their report together with the financial statements of the Institute of Economic Affairs (IEA) for the year ended 31 March 2023.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, 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 (published October 2019).

### STATUS

The Institute of Economic Affairs is a charitable company limited by guarantee. The Institute was established through a trust deed in November 1955 and incorporated in 1963. It was set up under a Memorandum of Association which sets out its objects and powers and is governed under its Articles of Association. It is a registered charity No. CC/235351.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The IEA is managed by its Director General, Mark Littlewood, who oversees all aspects of its affairs and is responsible for achieving its goals. He reports three times a year to the Board of Trustees and more frequently to its Finance and General Purposes Committee, comprising the committee Chairman, the Chairman of the Board, the Treasurer, and a further board member. These individuals also serve as the Audit Committee. Decisions about the level and mix of activities are made by the Trustees; about detailed day-to-day operations by senior staff, sometimes with advice from the Finance and General Purposes Committee. Two of the Trustees, the Chairman of the Board, and the Chairman of the Finance and General Purposes Committee, form a sub-committee which reviews the Director General's performance annually. Three of the Trustees, including the Chairman of the Board, form a Nominations subcommittee which recommends potential Trustees to the full Board from time to time.

On 12 October 2023, the Board of Trustees announced the appointment of Tom Clougherty as the new Executive Director and Ralph Harris Fellow. Tom Clougherty replaces the outgoing Director General, Mark Littlewood, who will become Senior Economics Fellow. Mark Littlewood steps down after a distinguished 14-year tenure as Director General of the IEA, leading a period of remarkable rejuvenation and growth. Tom Clougherty will assume the role in December 2023.

### OBJECTIVES AND ACTIVITIES

The charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We try to achieve our objectives by means of the activities listed below, which include allocated support costs.

Academic programmes:

- Research, publication and launch events
- Student/teacher outreach
- Special events
- Communication and distribution, including digital and media

Fundraising and subscriber support (more details of our approach are provided below).

### PUBLIC BENEFIT

As detailed above, the charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We bring analysis of issues relating to political economy to the public's attention through our various academic programmes and other activities. The Trustees confirm that, in exercising their powers and fulfilling their responsibilities in pursuit of the aims

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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described above, they have paid due regard to the guidance on public benefit published by the Charity Commission.

### FUNDRAISING

The IEA is entirely independent of any political party or group, and is funded by voluntary donations from individuals, companies and foundations who want to support its work plus a small amount of income from subscriptions, event partnerships and conferences, plus books sales and investments.

The IEA does not use commercial fundraisers nor carry out mass mailing/communications exercises. Most donors come to the IEA unprompted or via third party recommendations. Where the IEA seeks prospective donors to pro-actively reach out to, this is done using published data from the Electoral Commission and similar organisations.

Donors are communicated with in the format and with the frequency they prefer. Internal protocols exist to desist from communicating with donors who have ceased to donate and have not responded to further communication. New donors are investigated to the best of the IEA's ability to ensure that donations have not come from government organisations and are from people or organisations of good standing.

A diligent approach is taken to ensure that all donations are intended, not accidental or from someone who may not understand the nature of the donation they are giving. The IEA has received no complaints regarding its fundraising activities.

### REVIEW OF ACHIEVEMENTS

We produced 32 new peer-reviewed publications – covering a wider range of topical issues including: regulation, the cost of living and inequality, climate policy, trade and transport, education, health and public auditing, and the erosion of free speech. These and past IEA publications were downloaded more than 90,000 times from our website, with 'An Introduction to Capitalism' alone downloaded 2,500 times. This book is now also available in French, Indonesian, Bosnian, Nepalese, Korean and Greek.

In partnership with John Wiley & Sons Ltd and the University of Buckingham we continue to publish the academic Journal, *Economic Affairs*, three times a year. The Journal, in print since 1980 is provided in hardcopy to university libraries and otherwise downloaded around 70,000 times a year. Our readers and contributors come from a wide range of backgrounds and disciplines, not least those working in think tanks, research institutes, and universities as well as international organisations such as the OECD. Recent well know names who have been published in the journal include Lawrence Summers, Mervyn King, Ed Balls and Ruth Kelly.

Our Educational Outreach programmes continue to go from strength to strength. In 2022/23 we hosted or ran: 350 summer students; 36 full-time internships; 9 schools conferences; 2 teacher seminars and engaged directly with over 3,500 students and 1,200 teachers. We deepened our relationship with the University of Buckingham through the co-founded Vinson Center for the Public Understanding of Economics & Entrepreneurship. We awarded the first Inspiring Freedom Award, to Vernon W. Hill II for his outstanding contribution to the Institute's student education programme. We established the IEA Academy Pathway, translating first contact with our media output and YouTube content into publications, conferences, summer camps, courses, and internships.

There were 5,265 media hits in 2022/23, an average of over 14 a day, and some 43% higher than our previous peak in 2019. The team saw the departure of Emily Carver to GB News and Annabel Denham to the Telegraph, joining our growing pool of alumni with promising careers in British media.

We invested £75,000 in IEA Studios, enabling us to deliver broadcast quality educational output in multiple formats. We produced 180 videos for the IEA YouTube channel, with 8,800 new subscribers and 2m views.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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There were 113,000 downloads of our podcasts, our Twitter followers grew to 47,000, while 13,000 receive our weekly newsletter.

Our International team grew in number and output in 2022/23. Since 1988 we have granted 575 translation rights for our work to be published into 57 languages, including 14 more translation rights in 2022. Working with Network for a Free Society (NFS) we awarded grants totalling \$55k to over 10 projects in countries including Armenia, Afghanistan, Burundi, Bosnia, Ghana, Pakistan, and Turkey.

Our Initiative for African Trade and Prosperity (IATP) distributed 9,000 copies of Dr. Eamonn Butler's book on trade, supported 20 events across 6 countries with over 2,000 participants, and appeared in African media more than 150 times. Our European Policy Information Centre (EPICENTER) published 33 blogs, nine briefings, six publications, and ran over 30 events, with 300 media hits. Their continent-wide cost-of-living project won the Atlas European Liberty Award and had the results presented to both the Prime Minister of Romania and to members of the Austrian Parliament. IEA Staff attended international conferences in 50 locations including Los Angeles, Vietnam, Warsaw, Athens, Prague, New York, and Kenya.

### FINANCIAL REVIEW

Total income for the year was £2,318,000 (2022: £2,565,000) and total expenditure was £2,426,000 (2022: £2,349,000). After taking account of losses on investments of £62,000 (2022: gains £100,000), there was a net decrease in funds of £170,000 (2022: increase £316,000) in the year. Restricted income was £569,000 (2022: £275,000) compared with expenditure on restricted projects of £336,000 (2022: £403,000). Investment income on the Ralph Harris Endowment Fund during the year amounted to £35,000 (2022: £22,000). Total net assets decreased to £3,172,000 (2022: £3,342,000). The financial statements, together with the notes thereto, expand on these outline details.

The Finance and General Purposes Committee and the full Board of Managing Trustees regularly review the amount of donations. There has been a 10% decrease in the amount of donations in this year, compared with 2021/2022. We are grateful to all our donors for supporting our work.

### GRANT MAKING POLICY

The Trustees make occasional grants to individuals to support their research and to attend conferences. These are often from restricted funds donated specifically for such purposes. From time-to-time grants may be made to other institutes where the Trustees think it appropriate. All such projects are assessed by reference to our mission.

### INVESTMENT AND RESERVES POLICIES

The Institute's educational mission has a long-term orientation, as noted above, whereas our ability to carry out our work depends on attracting annual donations in a highly competitive fund-raising environment. Accordingly, the Trustees' policy is to invest conservatively. The Ralph Harris Fund is invested with a long-term time horizon. The Treasurer and the Finance and General Purposes Committee regularly review investment results. During the period, the value of the investments fell by 9% relative to a rise in the FTSE 100 Index of 0.15%.

The Trustees' policy on reserves, which is reviewed annually, is to have sufficient liquid funds on hand to cover two months of budgeted expenditure, which amounts to approximately £450,000. We believe this is adequate, under normal circumstances, to enable us to maintain operations in the event of seasonal or other fluctuations in donations and/or expenditure. This target has been met in that there was cash at bank and in hand of £374,000 at the year-end plus cash deposits of £356,000, in addition to those cash deposits held within the Ralph Harris Fund of £751,000 which are available to endow the position of the Director General of the IEA. A transfer of £200,000 has been made during the period in this respect. The Trustees do not seek to accumulate reserves, but rather to apply donations in support of the Institute's programmes in accordance with donors' intent. The free reserves of the charity as at 31 March 2023, defined as being unrestricted, undesignated funds not represented by tangible fixed assets, amounted to £621,000 (2022: £689,000).

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### RISK REVIEW

The principal risks and uncertainties to which the IEA is exposed are reputational, loss of key personnel, and financial.

Reputational risk centres on the quality and integrity of the Institute's research and publications and other activities. All the IEA's major publications are peer reviewed. The system was managed in the period by the Academic and Research Director and supervised by the Chairman of our Academic Advisory Board, Professor Martin Ricketts.

The IEA maintains strict independence from commercial, party political or other interests. It does not accept commissions to perform research on behalf of commercial or governmental interests.

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman, to assess whether both the employer's and employees' objectives are being satisfied. As with any small organisation, it is not possible to completely protect against the loss of key people.

Financial risks and uncertainties are largely covered by the Reserves and Investment policies noted above. The Trustees examine at least once a year the major strategic, operational, and financial risks and uncertainties which the Institute faces, either at regular or special Board meetings, or through the Finance and General Purposes Committee.

### FUTURE PLANS

In 2023-24, the IEA intends to continue to produce high-calibre research on economic matters, the regulatory environment, energy and climate change, lifestyle issues and more. We will continue to engage with educators through our extensive student and teacher outreach programme and through our comprehensive communications strategy.

### TRUSTEES

The following were Trustees (who are directors for the purposes of company law) at the time of signing this report and financial statements. They all held office throughout the year ended 31 March 2023 and up to the date of signing this report, unless otherwise stated.

Neil Record	Chairman – resigned 20 July 2023
Linda Edwards	Chairman – appointed 20 July 2023
Kevin Bell	
Professor Christian Bjørnskov	
Robert Boyd	
Thomas Harris	Appointed 9 March 2023
Robin Edwards	Treasurer
Sir Michael Hintze	Resigned 8 November 2022
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	

None of the Trustees has an interest, direct or indirect, in any contract entered into by the Institute. The Trustees may from time to time, and at any time, appoint any person to be a Trustee, up to the prescribed maximum of twelve. Appointments are normally made on the recommendation of the Nominations Committee. Any Trustee so appointed retains office until the next Annual General Meeting, and is then eligible for re-election on a three-year rotating basis.

New Trustees, who are already familiar with the Institute prior to appointment, are 'trained' mostly on the job by attending meetings of Trustees. They are provided with notes covering the Institute's mission, history,

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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organisation, governance, and details of the other Trustees, together with the latest Trustees' Report and Financial Statements. Newly appointed Trustees will usually already have substantial board level or departmental management experience in either the commercial or academic arenas.

### PAY POLICY FOR SENIOR STAFF

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman. Pay increases and bonuses are awarded to reward merit. Decisions regarding pay levels are informed by reference to other think tanks and also comparable positions in related sectors.

### TAXATION STATUS

The charitable company is a registered charity and, as such, for taxation purposes is entitled to exemption under the Income and Corporation Taxes Act 1988.

### AUDITOR

A resolution to reappoint Streets Audit LLP, as auditors will be put to the members at the annual general meeting.

The Trustees have taken advantage of the exemptions available under the small companies' regime from the requirement to prepare a strategic report and in preparing the Trustees' Report.

By order of the board



Linda Edwards  
Chairman

27-10-2023

# The Institute of Economic Affairs

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees (who are also directors of the Institute of Economic Affairs for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 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 company will continue in business.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board



Linda Edwards  
Chairman

27-10-2023

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2023

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### **Opinion**

We have audited the financial statements of the Institute of Economic Affairs, ('the charity'), for the year ended 31 March 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 about the charitable company's ability to continue as a going concern for a period of at least twelve months from the date 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 trustees are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2023

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### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

### **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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.

Our approach to identifying and assessing 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 audit 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 knowledge and experience of the charity and sector in which it operates;
- 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, charities legislation, taxation legislation, data protection, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence, if required; and

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2023

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- 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; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed a sample of grants in the year to ensure accurate recognition;
- agreed a sample of employees on the payroll to existence and agreed the accuracy of the pay;
- assessed and reviewed the appropriateness and effectiveness of the key systems and controls;
- assessed whether judgements and assumptions made in determining the accounting estimates set out were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and on-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed 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 trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

ROBERT ANDERSON (Senior Statutory Auditor)



for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

1 Mark Square

Shoreditch

London

EC2A 4EG

Date: 03 November 2023

**The Institute of Economic Affairs**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)**  
**For the year ended 31 March 2023**

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2023 £000	Total 2022 £000
<b>INCOME FROM:</b>						
Donations	2	1,607	569	-	2,176	2,423
Charitable activities:						
Publications and subscriptions		33	-	-	33	52
Other trading activities		63	-	-	63	54
CJRS Income		-	-	-	-	12
Investments:						
Dividends receivable		-	-	22	22	22
Interest receivable		6	-	13	19	-
Foreign exchange gain		5	-	-	5	2
<b>TOTAL</b>		<b>1,714</b>	<b>569</b>	<b>35</b>	<b>2,318</b>	<b>2,565</b>
<b>EXPENDITURE ON:</b>						
Raising Funds:						
Fundraising and subscriber support		300	14	-	314	299
Charitable activities:						
Academic programme:						
Research and Publications		692	107	-	799	861
Student/Teacher outreach		412	168	-	580	480
Special Events		-	-	-	-	18
Communications		686	47	-	733	691
<b>TOTAL</b>	3	<b>2,090</b>	<b>336</b>	<b>-</b>	<b>2,426</b>	<b>2,349</b>
Net Gains on Investments:						
Realised gains on disposals		-	-	60	60	49
Unrealised losses		-	-	(122)	(122)	51
<b>NET (EXPENDITURE)/ INCOME</b>	4	<b>(376)</b>	<b>233</b>	<b>(27)</b>	<b>(170)</b>	<b>316</b>
Transfers between funds		200	-	(200)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>(176)</b>	<b>233</b>	<b>(227)</b>	<b>(170)</b>	<b>316</b>
<b>RECONCILIATION OF FUNDS:</b>						
<b>TOTAL FUNDS BROUGHT FORWARD</b>	11,12, 13,14	<b>1,395</b>	<b>113</b>	<b>1,834</b>	<b>3,342</b>	<b>3,026</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	11,12, 13,14	<b>1,219</b>	<b>346</b>	<b>1,607</b>	<b>3,172</b>	<b>3,342</b>

# The Institute of Economic Affairs

BALANCE SHEET  
As at 31 March 2023

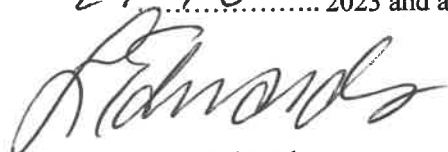
Company Registration No. 755502  
Registered Charity No. 235351

	<i>Notes</i>	31 March 2023	31 March 2022
		£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	7	598	536
Investments	8	1,963	1,790
		<u>2,561</u>	<u>2,326</u>
<b>CURRENT ASSETS</b>			
Debtors	9	347	273
Cash at bank and in hand		374	1,009
		<u>721</u>	<u>1,282</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	(110)	(266)
<b>NET CURRENT ASSETS</b>		<u>611</u>	<u>1,016</u>
<b>NET ASSETS</b>		<u>3,172</u>	<u>3,342</u>
<b>THE FUNDS OF THE CHARITY:</b>			
Endowment fund	11, 14	1,607	1,834
Restricted funds	12,14	346	113
Unrestricted funds	13,14	1,219	1,395
<b>TOTAL FUNDS</b>	14	<u>3,172</u>	<u>3,342</u>

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

The financial statements on pages 11 to 24 were approved by the Trustees and authorised for issue on

27-10-2023 and are signed on their behalf by:



Linda Edwards  
Chairman

# The Institute of Economic Affairs

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

		2023 £000	2022 £000
Net cash (used in)/generated from operating activities	(A)	(356)	133
<b>Cash flows from investing activities:</b>			
Dividends and interest		41	22
Proceeds from sale of investments		373	273
Purchase of investments		(608)	(74)
Purchase of fixed assets		(85)	(5)
Net cash (absorbed by)/generated from investing activities		(279)	216
Change in cash and cash equivalents in the period	(B)	(635)	349
Cash and cash equivalents at 1 April		1,009	660
Cash and cash equivalents at 31 March		374	1,009
<b>(A) RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH USED IN OPERATIONS:</b>			
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(170)	316
<b>Adjustments for:</b>			
Depreciation charges		23	20
Losses/(Gains) on investments		62	(100)
Dividends and interest		(41)	(22)
(Increase) in debtors		(74)	(165)
(Decrease)/Increase in creditors		(156)	84
Net cash used in operating activities		(356)	133
<b>(B) ANALYSIS OF CHANGES IN NET DEBT</b>			
Cash at bank and in hand at 1 April		1,009	660
Cash flow		(635)	349
Cash at bank and in hand at 31 March		374	1,009

# The Institute of Economic Affairs

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING AND GOING CONCERN

The Institute of Economic Affairs (IEA) is a charitable company limited by guarantee, and is registered, domiciled and incorporated in England. Its registered office is 2 Lord North Street, Westminster, London SW1P 3LB. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recognised at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective October 2019, the Charities Act 2011, and the Companies Act 2006. The Institute constitutes a public benefit entity as defined by FRS 102.

The Trustees confirm that at the time of approving the financial statements, there is a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Trustees have reviewed budgets and cash flow forecasts covering a period to 31 March 2025, taken account of current and anticipated financial performance in the current economic conditions, and the Institute's reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Institute's financial statements.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost, less depreciation. Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write each asset down evenly over its expected useful life, as follows:-

Freehold property over 40 years

Office equipment over 3 - 10 years depending on the nature of the asset

Expenditure of a capital nature below £1,000 is not capitalised, but charged to the Statement of Financial Activities in the year of expenditure.

### STOCKS AND WORK IN PROGRESS

No value for accounts purposes is attributed to stocks of unsold publications.

### PENSION CONTRIBUTIONS

The Institute operates a defined contribution scheme. Contributions are charged to the Statement of Financial Activities on an accruals basis. Amounts payable at the period end are included in other creditors.

### INCOME

Income from donations is included in income when these have been pledged by the donor, it is probable that the income will be received and the amount can be measured reliably, except:

- when donors specify that donations given to the charity must be used in future accounting periods, the income is deferred until those periods;
- when donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the pre-conditions for use have been met.

Subscription income is credited to income for the subscription period covered.

All other income including income from investments is credited to income when receivable by the charity.

### EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. All costs are allocated between expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources e.g. by floor space. Staff costs have been allocated according to the time spent on each activity.

# The Institute of Economic Affairs

## ACCOUNTING POLICIES

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### FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

### RESEARCH EXPENDITURE

Research expenditure is written off in the financial statements as it is incurred.

### ENDOWMENT FUND

The Ralph Harris Fund is an expendable endowment fund whose use is restricted to financial support for the position of the Director General, including employment and support costs.

### UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. Designated funds are unrestricted funds which the Trustees have currently designated for specific purposes. General funds are unrestricted funds for which no specific purposes have been designated.

### RESTRICTED FUNDS

Restricted funds are those donated to the Institute for one or more specific purposes.

### OPERATING LEASES

All operating lease rentals are recognised in the Statement of Financial Activities on a straight line basis over the life of the lease.

### FINANCIAL INSTRUMENTS

The charity has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

#### **Financial assets:**

Basic financial assets, including investments held as fixed assets, and trade and other receivables, are initially recognised at transaction price.

Investments held as fixed assets comprise equities, open-ended funds, fixed interest securities and currency and are stated at year end market value (bid-price). Realised gains and losses on disposal and unrealised gains and losses due to the movement in market value of investments are recognised in the Statement of Financial Activities.

Other financial assets are assessed at the end of each reporting period for objective evidence of impairment due to reduction in the recoverable amount. Any impairment losses are recognised in the Statement of Financial Activities.

#### **Financial liabilities:**

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Any subsequent changes to amounts payable are recognised in the Statement of Financial Activities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and areas of judgement included within these accounts.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 1 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2022 £000
<b>INCOME FROM:</b>					
Donations	2	2,148	275	-	2,423
<b>Charitable Activities:</b>					
Publications and Subscriptions		52	-	-	52
Other trading activities		54	-	-	54
CJRS Income		12	-	-	12
<b>Investments:</b>					
Dividends receivable		-	-	22	22
Foreign exchange gain		2	-	-	2
<b>TOTAL</b>		<b>2,268</b>	<b>275</b>	<b>22</b>	<b>2,565</b>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds:</b>					
Fundraising and subscriber support		298	1	-	299
<b>Charitable activities:</b>					
<b>Academic programme:</b>					
Research and Publications		591	270	-	861
Student/Teacher outreach		386	94	-	480
Special Events		18	-	-	18
Communications		653	38	-	691
<b>TOTAL</b>	3	<b>1,946</b>	<b>403</b>	<b>-</b>	<b>2,349</b>
<b>Net Gains on Investments:</b>					
Realised gains on disposals		-	-	49	49
Unrealised gains		-	-	51	52
<b>NET (EXPENDITURE)/INCOME</b>	4	<b>322</b>	<b>(128)</b>	<b>122</b>	<b>316</b>
Transfers between funds		200	-	(200)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>522</b>	<b>(128)</b>	<b>(78)</b>	<b>316</b>
<b>RECONCILIATION OF FUNDS:</b>					
<b>TOTAL FUNDS BROUGHT FORWARD</b>	11,12 13,14	<b>873</b>	<b>241</b>	<b>1,912</b>	<b>3,026</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	11,12 13,14	<b>1,395</b>	<b>113</b>	<b>1,834</b>	<b>3,342</b>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

2	DONATIONS	31 March 2023 £000	31 March 2022 £000
	Foundations, corporate and individuals		
	Restricted	569	275
	Unrestricted	1,607	2,148
		<u>2,176</u>	<u>2,423</u>

3	ALLOCATION OF COSTS 2023	Direct costs £000	Support costs £000	2023 Total £000
	Fundraising and subscriber support	27	287	314
	Research and Publications	157	642	799
	Student/Teacher Outreach	189	391	580
	Special Events	-	-	-
	Communications	158	575	733
		<u>531</u>	<u>1,895</u>	<u>2,426</u>

### ALLOCATION OF SUPPORT COSTS 2023

Personnel costs	1,579
Office costs	209
Property costs	79
Travel costs	28
	<u>1,895</u>

Support costs have been allocated as follows:

	Support costs	Personnel costs
Fundraising and subscriber support	16%	15%
Publications	33%	34%
Student/Teacher Outreach	29%	19%
Special Events	0%	0%
Communications	22%	32%

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3	<i>ALLOCATION OF COSTS 2022</i>	<i>Direct costs £000</i>	<i>Support costs £000</i>	<i>2022 Total £000</i>
	<i>Fundraising and subscriber support</i>	20	279	299
	<i>Research and Publications</i>	238	623	861
	<i>Student/Teacher Outreach</i>	104	376	480
	<i>Special Events</i>	-	18	18
	<i>Communications</i>	148	543	691
		<u>510</u>	<u>1,839</u>	<u>2,349</u>

### *ALLOCATION OF SUPPORT COSTS 2022)*

<i>Personnel costs</i>	1,568
<i>Office costs</i>	189
<i>Property costs</i>	62
<i>Travel costs</i>	20
	<u>1,839</u>

*Support costs have been allocated as follows:*

	<i>Support costs</i>	<i>Personnel costs</i>
<i>Fundraising and subscriber support</i>	16%	15%
<i>Research and Publications</i>	33%	34%
<i>Student/Teacher Outreach</i>	29%	19%
<i>Special Events</i>	1%	1%
<i>Communications</i>	21%	31%

4	NET EXPENDITURE	<i>31 March 2023 £000</i>	<i>31 March 2022 £000</i>
	Net expenditure for the period is stated after charging:		
	Depreciation – charge for period	23	20
	Governance Costs - Auditor's remuneration	6	6
	Other Governance Costs	9	2
	Legal fees	1	-
	Operating lease rentals – plant and machinery	16	12
		<u>          </u>	<u>          </u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 5 TAXATION

The Institute is not liable to corporation tax on its income and gains in the current period to the extent that they are applied for charitable purposes.

6 EMPLOYEES	31 March 2023 No.	31 March 2022 No.
-------------	-------------------------	-------------------------

The average monthly number of persons employed by the Institute during the period was:

Office and management	22	20
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Staff costs for above persons:

	31 March 2023 £000	31 March 2022 £000
Wages and salaries, including benefits	1,067	1,065
Social security costs	128	117
Other pension costs	45	40
	<u>1,240</u>	<u>1,222</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was as follows:

	31 March 2023 No.	31 March 2022 No.
£60,001 - £70,000	1	2
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£150,001 - £160,000	1	-
£190,001 - £200,000	-	1

The employees earning over £60,000 participate in the company defined contribution pension scheme. Contributions paid in the period in respect of these employees amounted to £42,970 (2022: £45,787).

The key management personnel of the Institute comprise the Trustees, together with the Director General, the Chief Operating Officer, the Academic & Research Director, the Chief Marketing & Creative Officer and the Development Director. The total employee benefits of these key management personnel were £535,312 (2022: £558,672), including pension and social security costs, and also consultancy fees paid to the Academic & Research Director and the Chief Marketing & Creative Officer who provide their services on a consultancy basis.

No Trustees, or persons related or connected to them, received any remuneration or reimbursement of expenses from the Institute during the period, other than as detailed in note 17 below.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 7 TANGIBLE FIXED ASSETS

	Freehold property £000	Office equipment £000	Total £000
Cost			
1 April 2022	965	12	977
Additions in year	-	85	85
Disposals in year	-	-	-
31 March 2023	<u>965</u>	<u>97</u>	<u>1,062</u>
Depreciation			
1 April 2022	437	4	441
Charged for period	18	5	23
Released on disposals	-	-	-
31 March 2023	<u>455</u>	<u>9</u>	<u>464</u>
Net book value			
31 March 2023	<u>510</u>	<u>88</u>	<u>598</u>
31 March 2022	<u>528</u>	<u>8</u>	<u>536</u>

### 8 FIXED ASSET INVESTMENTS

	Open-end funds £000	Cash held on deposit £000	Total £000
Market value at			
1 April 2022	1,091	699	1,790
Additions	-	608	608
Disposals	(173)	(200)	(373)
Investment gains	(62)	-	(62)
Market value at 31 March 2023	<u>856</u>	<u>1,107</u>	<u>1,963</u>
Historical cost at 31 March 2023	<u>776</u>	<u>1,098</u>	<u>1,874</u>
Historical cost at 31 March 2022	<u>889</u>	<u>699</u>	<u>1,588</u>

The Institute of Economic Affairs  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2023

9	DEBTORS	31 March 2023 £000	31 March 2022 £000
	Trade debtors	67	109
	Taxation recoverable	-	6
	Prepayments and accrued income	280	158
		<u>347</u>	<u>273</u>

10	CREDITORS: Amounts falling due within one year	31 March 2023 £000	31 March 2022 £000
	Trade creditors	26	95
	Taxation and social security	31	32
	Accruals and deferred income	53	139
		<u>110</u>	<u>266</u>

Deferred income has arisen as a result of 2 year subscriptions paid in advance. Amounts are released to the Statement of Financial Activities within the period to which the subscription relates.

	31 March 2023 £000	31 March 2022 £000
Deferred income at 1 April 2022	1	1
Released to Statement of Financial Activities in period	(1)	(1)
Deferred in period	1	1
	<u>1</u>	<u>1</u>

11 EXPENDABLE ENDOWMENT FUND

	At 1 April 2022 £000	Investment Income £000	Transfers between funds £000	Investment Gains £000	At 31 March 2023 £000
Ralph Harris Fund	1,834	35	(200)	(62)	1,607
	<u>1,834</u>	<u>35</u>	<u>(200)</u>	<u>(62)</u>	<u>1,607</u>

The Ralph Harris Fund has been established as an expendable endowment fund to endow the position of Director General of the IEA as “Director General and Ralph Harris Fellow.”

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 12 RESTRICTED FUNDS

	At 1 April 2022	Income	Expenditure	At 31 March 2023
	£000	£000	£000	£000
Events and Publications	-	4	(4)	-
Linda Whetstone Memorial	-	12	(12)	-
Building Restoration Fund	34	70	-	104
Cultural Affairs Unit	-	5	(5)	-
IATP	-	199	(89)	110
Student Outreach and Opportunity	5	14	(3)	16
Epicenter	36	187	(107)	116
Think Tent	-	42	(42)	-
Vinson Centre at the University of Buckingham	-	36	(36)	-
M Fund	38	-	(38)	-
	<u>113</u>	<u>569</u>	<u>336</u>	<u>346</u>

Donations were received to support various events and publications.

The IEA commissioned a portrait and a memorial reception in memory of Linda Whetstone.

Donations were received in response to a fundraising appeal to cover the costs of essential building restoration work.

The IEA has a specialist unit which examines and reports on cultural affairs.

The Initiative for African Trade and Prosperity (IATP) is guided by the core belief that bottom-up free market policies are the most effective way to alleviate poverty, amplify liberty and create a more peaceful future.

The IEA's Student Outreach Programme aims to spread understanding of free markets and their benefits to students, and includes a Student Opportunity Fund to provide financial support to students who otherwise couldn't access IEA programmes.

Donations were received to support Epicenter, a network of public policy organisations from European countries.

Donations were received to establish a marquee, Think Tent, organised with two other think tanks, to be the central point for free market debate at the Conservative Party Conference.

The Vinson Centre at the University of Buckingham seeks to further the study of liberal economics in the UK.

The M Fund was set up to promote research into the reduction in the size of the public sector and to promote an interest in market economy policies on the part of teachers and senior pupils.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 13 UNRESTRICTED FUNDS

	At 1 April 2022 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2023 £000
Designated Funds					
Fixed Asset Fund	528	-	(18)	-	510
Major Building Works Fund	170	-	-	(170)	-
Designated unrestricted funds	698	-	(18)	(170)	510
Unrestricted general funds	697	1,714	(2,072)	370	709
	1,395	1,714	(2,090)	200	1,219

The Fixed Asset Fund represents donations made to the Institute currently designated and used by the Trustees for the purpose of acquiring freehold and investment property. A transfer has been made between the Fixed Asset Fund and general funds in order to reflect the depreciation of the freehold property in the period.

Funds were designated to undertake major building works which were originally planned to be undertaken in 2020 but delayed due to the Coronavirus Pandemic.

Unrestricted general funds represent free reserves after allowing for all designated funds.

### 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated Funds £000	General Funds £000	Restricted funds £000	Endowment fund £000	Total funds £000
Fund balances at 31 March 2023 are represented by:					
Tangible fixed assets	510	88	-	-	598
Investments	-	356	-	1,607	1,963
Current assets	-	375	346	-	721
Current liabilities	-	(110)	-	-	(110)
Total net assets	510	709	346	1,607	3,172

### 15 PENSION SCHEMES

The Institute operates a defined contribution scheme and contributions to the scheme are made to an independent insurance company.

The pension costs of the Institute's scheme amounted to £45,364 (2022: £40,225). There were no contributions outstanding at the end of the period.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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### 16 STATUS

The Institute is a company limited by guarantee and has no share capital. The Institute had 10 (2022: 10) members at the period end.

The Memorandum of Association provides that members are liable to contribute a sum not exceeding £1 each in the event of the company being wound up while they are members or within one year of ceasing to be members.

### 17 RELATED PARTY TRANSACTIONS

During the period £124,121 was incurred in employment costs (2022: £122,751) of the partner of the Director General, who is a full-time employee of the Institute. There was no amount outstanding at the period end (2022: £17,258) in respect of these transactions.

Donations from trustees in the period totalled £126,050 (2022: £70,290). Donations from staff and consultants in the period totalled £610 (2022: £10,020).

Donations and fees of £376,370 (2022: £179,183) were received or pledged in the period from IEA Forum Limited, a company in which a Trustee is a director, and three Trustees are members. £80,792 (2022: £72,000) was outstanding at the year-end in respect of these transactions.

No conditions were attached to any of these donations which would require the charity to significantly alter the nature of its existing activities.

The IEA conducts its European Outreach activities through Epicenter, a network of public policy organisations from European countries. Epicenter is an AISBL established in Belgium, with IEA senior employees as its directors. The movement in restricted funds relating to Epicenter are shown in note 12. In addition, expenditure from unrestricted funds of £49,654 (2022: £19,569), and the donation of the services of the Director of Epicenter were made to support the activities of Epicenter during the year. The employment costs relating to the Director of Epicenter were £29,058 (2022: £24,379).

### 18 COMMITMENT UNDER OPERATING LEASES

The total future minimum lease payments, at the reporting date, under non-cancellable operating leases are as follows:	31 March 2023 £000	31 March 2022 £000
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Amounts due:

- within one year	13	17
- between one and five years	23	44

### 19 FINANCIAL INSTRUMENTS

	31 March 2023 £000	31 March 2022 £000
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Financial Assets, at fair value:

Investments held as fixed assets	1,954	1,790
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**THE INSTITUTE OF ECONOMIC AFFAIRS LIMITED**

England & Wales - Charity number 235351

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# Accounts

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**The Institute of Economic Affairs**  
**(A Charitable Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

for the year ended

31 March 2022

Company Registration No. 755502  
Registered Charity No. 235351

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 755502

Charity Registration Number: 235351

### TRUSTEES

Neil Record	Chairman
Kevin Bell	
Christian Bjornskov	
Robert Boyd	
Linda Edwards	
Robin Edwards	Treasurer
Sir Michael Hintze	
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	
Linda Whetstone	Deceased 15 December 2021

### DIRECTOR GENERAL

Mark Littlewood

### ACADEMIC & RESEARCH DIRECTOR

James Forder

### SECRETARY

Andrew Mayer

### REGISTERED OFFICE

2 Lord North Street  
Westminster  
London SW1P 3LB

### AUDITOR

Streets Audit LLP  
Chartered Accountants & Statutory Auditor  
1 Mark Square  
Shoreditch  
London  
EC2A 4EG

### BANKERS

Barclays Bank PLC  
Leicester  
LE87 2BB

### INVESTMENT MANAGERS

CCLA Investment Management Limited  
Vanguard Asset Management

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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The Trustees present their report together with the financial statements of the Institute of Economic Affairs (IEA) for the year ended 31 March 2022.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, 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 (published October 2019).

### STATUS

The Institute of Economic Affairs is a charitable company limited by guarantee. The Institute was established through a trust deed in November 1955 and incorporated in 1963. It was set up under a Memorandum of Association which sets out its objects and powers and is governed under its Articles of Association. It is a registered charity No. CC/235351.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The IEA is managed by its Director General, Mark Littlewood, who oversees all aspects of its affairs and is responsible for achieving its goals. He reports three times a year to the full Board of Trustees and more frequently to its Finance and General Purposes Committee, comprising the committee Chairman, Bruno Prior, the Chairman of the Board, Neil Record, the Treasurer, Robin Edwards, and board member, Robert Boyd. These individuals also serve as the Audit Committee. Decisions about the level and mix of activities are made by the Trustees; about detailed day-to-day operations by senior staff, sometimes with advice from the Finance and General Purposes Committee. Two of the Trustees, the Chairman of the Board, Neil Record, and the Chairman of the Finance and General Purposes Committee, Bruno Prior, form a sub-committee which reviews the Director General's performance annually. Three of the Trustees, the Chairman of the Board, Neil Record, Kevin Bell, and Linda Edwards, together form a Nominations subcommittee which recommends potential Trustees to the full Board from time to time.

### OBJECTIVES AND ACTIVITIES

The charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We try to achieve our objectives by means of the activities listed below, which include allocated support costs.

Academic programmes:

- Research, publication and launch events
- Student/teacher outreach
- Special events
- Communication and distribution, including digital and media

Fundraising and subscriber support (more details of our approach are provided below).

### PUBLIC BENEFIT

As detailed above, the charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We bring analysis of issues relating to political economy to the public's attention through our various academic programmes and other activities. The Trustees confirm that, in exercising their powers and fulfilling their responsibilities in pursuit of the aims described above, they have paid due regard to the guidance on public benefit published by the Charity Commission.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### FUNDRAISING

The IEA is entirely independent of any political party or group, and is funded by voluntary donations from individuals, companies and foundations who want to support its work plus a small amount of income from subscriptions, event partnerships and conferences, plus books sales and investments.

The IEA does not use commercial fundraisers nor carry out mass mailing/communications exercises. Most donors come to the IEA unprompted or via third party recommendations. Where the IEA seeks prospective donors to pro-actively reach out to, this is done using published data from the Electoral Commission and similar organisations.

Donors are communicated with in the format and with the frequency they prefer. Internal protocols exist to desist from communicating with donors who have ceased to donate and have not responded to further communication. New donors are investigated to the best of the IEA's ability to ensure that donations have not come from government organisations and are from people or organisations of good standing.

A diligent approach is taken to ensure that all donations are intended, not accidental or from someone who may not understand the nature of the donation they are giving. The IEA has received no complaints regarding its fundraising activities.

### REVIEW OF ACHIEVEMENTS

The IEA, like many organisations, spent the start of the year responding to Government regulations around what events we could have, who we could meet, and where we could work. Our preparation for hybrid working in the prior year however proved a wise investment. We maintained a strong and growing level of digital output through the restrictions, were influential on the pace of their relaxation, and emerged stronger across all our areas of work. We were able to return to in-person events at 2 Lord North Street and elsewhere.

Our educational content expanded on several platforms. YouTube views more than quadrupled to 2.3 million, almost ten times those pre-Covid. This was in part thanks to a range of new output including: The Swift Half hosted by Head of Lifestyle Economics, Christopher Snowdon, Markets and Morality hosted by Head of EPICENTER, Adam Bartha, Parallax Views hosted by Head of Cultural Affairs, Marc Glendening and The Double Take hosted by Head of Media, Emily Carver. The IEA's UK public affairs outreach hit new highs in 2021. Despite ongoing restrictions for part of the year, IEA staff were able to meet with 75 Parliamentarians (of all parties) to discuss free market ideas.

The diversification of the UK broadcast landscape, notably the launch of GB News and TalkTV, has increased opportunities for IEA commentary, direct to the public, and a growing number of new commentators, for example Chief Operating Officer and Energy Analyst, Andy Mayer on the energy crisis and Head of Public Policy, Matthew Lesh on the wider cost of living. We continue to grow our presence on the BBC and Sky News' flagship shows, including BBC Politics Live, BBC Question Time, BBC Papers, Sky News Press Preview, and our spokespeople regularly appear on Sky News' Uncommon Ground and The Great Debate, as well as LBC Cross Question. The IEA's publishing programme also continued strongly under the leadership of a new Academic and Research Director, James Forder. We released 30 pieces of research across a wide range of topics, from football regulation (the IEA paper Red Card? discussed the government's plans to introduce an independent regulator for English football) to the importance of imports for the UK economy (The Importance of Imports).

We significantly strengthened our international outreach, a priority since the sad passing of IEA Trustee and hero of the international liberty movement Linda Whetstone in December 2021. A tireless campaigner and advocate for freedom, she will be missed. This year the IEA, partnering with The Vinson Centre at the University of Buckingham, launched the Initiative for African Trade and Prosperity which has already secured 13 think tank partners in different countries. IATP works with them and individuals to promote free market, local, and bottom-up solutions to the issues facing the continent. Epicenter has also continued its excellent work advancing free markets across Europe, publishing 21 pieces of research (papers and briefings)

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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and hosting, or speaking at 38 events. The IEA was chosen as a finalist of the Atlas Network's Templeton Freedom Award, a global award that recognises contributions to the understanding of free enterprise and the public policies that encourage prosperity and human flourishing through free competition.

Domestically, our student and education outreach continued to engage with a vast number of students. Thirty young people participated in our three-month internships, a more than 300% increase on a decade ago, and more than 1,000 students were reached as part of our Summer Education Programme. The end of restrictions also allowed us to hold our Freedom Week event, allowing 32 students to participate in a week-long series of lectures from top academics in Cambridge.

### FINANCIAL REVIEW

Total income for the year was £2,565,000 (2021 (15 months): £2,343,000) and total expenditure was £2,349,000 (2021: £2,328,000). After taking account of gains on investments of £100,000 (2021: £35,000), there was a net increase in funds of £316,000 (2021: £50,000) in the year. Restricted income was £275,000 (2021: £400,000) compared with expenditure on restricted projects of £403,000 (2021: £279,000). Investment income on the Ralph Harris Endowment Fund during the year amounted to £22,000 (2021: £24,000). Total net assets were increased to £3,342,000 (2021: £3,026,000). The financial statements, together with the notes thereto, expand on these outline details.

The Finance and General Purposes Committee, and the full Board of Managing Trustees, regularly review the amount of donations. There has been a 13% increase in the amount of donations in this year, compared with the 15 month period 2020/2021. We are grateful to all our donors for supporting our work.

### GRANT MAKING POLICY

The Trustees make occasional grants to individuals to support their research and to attend conferences. These are often from restricted funds donated specifically for such purposes. From time to time grants may be made to other institutes where the Trustees think it appropriate. All such projects are assessed by reference to our mission.

### INVESTMENT AND RESERVES POLICIES

The Institute's educational mission has a long-term orientation, as noted above, whereas our ability to carry out our work depends on attracting annual donations in a highly competitive fund-raising environment. Accordingly, the Trustees' policy is to invest conservatively, largely in equity funds, fixed interest funds and government securities. The Ralph Harris Fund is invested with a long-term time horizon. The Treasurer and the Finance and General Purposes Committee regularly review investment results. During the period, the value of the investments rose by 9% relative to a rise in the FTSE 100 Index of 12%.

The Trustees' policy on reserves, which is reviewed annually, is to have sufficient liquid funds on hand to cover two months of budgeted expenditure, which amounts to approximately £450,000. We believe this is adequate, under normal circumstances, to enable us to maintain operations in the event of seasonal or other fluctuations in donations and/or expenditure. This target has been met in that there was cash at bank and in hand of £1,009,000 at the year-end plus the cash deposits held within the Ralph Harris Fund of £699,000 which are available to endow the position of the Director General of the IEA. A transfer of £200,000 has been made during the period in this respect. The Trustees do not seek to accumulate reserves, but rather to apply donations in support of the Institute's programmes in accordance with donors' intent. The free reserves of the charity as at 31 March 2022, defined as being unrestricted, undesignated funds not represented by tangible fixed assets, amounted to £689,000 (2021: £152,000).

### RISK REVIEW

The principal risks and uncertainties to which the IEA is exposed are reputational, loss of key personnel, and financial.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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Reputational risk centres on the quality and integrity of the Institute's research and publications and other activities. All the IEA's major publications are peer reviewed. The system was managed in the period by the Academic and Research Director and supervised by the Chairman of our Academic Advisory Board, Professor Martin Ricketts.

The IEA maintains strict independence from commercial, party political or other interests. It does not accept commissions to perform research on behalf of commercial or governmental interests.

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman, to assess whether both the employer's and employees' objectives are being satisfied. As with any small organisation, it is not possible to completely protect against the loss of key people.

Financial risks and uncertainties are largely covered by the Reserves and Investment policies noted above. The Trustees examine at least once a year the major strategic, operational and financial risks and uncertainties which the Institute faces, either at regular or special Board meetings, or through the Finance and General Purposes Committee.

### FUTURE PLANS

In 2022-23, the IEA intends to cement the success of the previous year with further investment in our respected publications programme, which will produce high-calibre research on healthcare, the regulatory environment, energy and climate change, lifestyle issues and more; through our extensive student and teacher outreach programme and through our comprehensive communications strategy.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### TRUSTEES

The following were Trustees (who are directors for the purposes of company law) at the time of signing this report and financial statements. They all held office throughout the year ended 31 March 2022 and up to the date of signing this report, unless otherwise stated.

Neil Record	Chairman
Kevin Bell	
Christian Bjornskov	
Robert Boyd	
Linda Edwards	
Robin Edwards	Treasurer
Sir Michael Hintze	
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	
Linda Whetstone	Deceased 15 December 2021

None of the Trustees has an interest, direct or indirect, in any contract entered into by the Institute. The Trustees may from time to time, and at any time, appoint any person to be a Trustee, up to the prescribed maximum of twelve. Appointments are normally made on the recommendation of the Nominations Committee. Any Trustee so appointed retains office until the next Annual General Meeting, and is then eligible for re-election on a three-year rotating basis.

New Trustees are 'trained' mostly on the job by attending meetings of Trustees. They are provided with notes covering the Institute's mission, history, organisation, governance and details of the other Trustees, together with the latest Trustees' Report and Financial Statements. Newly appointed Trustees will usually already have substantial board level or departmental management experience in either the commercial or academic arenas.

### PAY POLICY FOR SENIOR STAFF

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman. Pay increases and bonuses are awarded to reward merit. Decisions regarding pay levels are informed by reference to other think tanks and also comparable positions in related sectors.

### TAXATION STATUS

The charitable company is a registered charity and, as such, for taxation purposes is entitled to exemption under the Income and Corporation Taxes Act 1988.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### AUDITOR

A resolution to reappoint Streets Audit LLP, as auditors will be put to the members at the annual general meeting.

The Trustees have taken advantage of the exemptions available under the small companies' regime from the requirement to prepare a strategic report and in preparing the Trustees' Report.

By order of the board



Neil Record  
Chairman

24 October 2022

# The Institute of Economic Affairs

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees (who are also directors of the Institute of Economic Affairs for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 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 company will continue in business.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board



Neil Record  
Chairman

24 October 2022

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2022

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### **Opinion**

We have audited the financial statements of the Institute of Economic Affairs, ('the charity'), for the year ended 31 March 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 about the charitable company's ability to continue as a going concern for a period of at least twelve months from the date 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 trustees are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2022

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### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

### **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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.

Our approach to identifying and assessing 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 audit 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 knowledge and experience of the charity and sector in which it operates;
- 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, taxation legislation, data protection, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence, if required; 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.

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2022

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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; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed a sample of grants in the year to ensure accurate recognition;
- agreed a sample of employees on the payroll to existence and agreed the accuracy of the pay;
- assessed and reviewed the appropriateness and effectiveness of the key systems and controls;
- assessed whether judgements and assumptions made in determining the accounting estimates set out were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and on-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed 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 trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



ROBERT ANDERSON (Senior Statutory Auditor)  
for and on behalf of  
Streets Audit LLP  
Chartered Accountants and Statutory Auditor  
1 Mark Square  
Shoreditch  
London  
EC2A 4EG

Date: 31 October 2022

**The Institute of Economic Affairs**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)**  
**For the year ended 31 March 2022**

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2022 (12mths) £000	Total 2021 (15mths) £000
<b>INCOME FROM:</b>						
Donations	2	2,148	275	-	2,423	2,150
Charitable activities:						
Publications and subscriptions		52	-	-	52	43
Special events		-	-	-	-	3
Other trading activities		54	-	-	54	30
CJRS Income		12	-	-	12	93
Investments:						
Dividends receivable		-	-	22	22	23
Interest receivable		-	-	-	-	1
Foreign exchange gain		2	-	-	2	-
<b>TOTAL</b>		<b>2,268</b>	<b>275</b>	<b>22</b>	<b>2,565</b>	<b>2,343</b>
<b>EXPENDITURE ON:</b>						
Raising Funds:						
Fundraising and subscriber support		298	1	-	299	367
Charitable activities:						
Academic programme:						
Research and Publications		591	270	-	861	927
Student/Teacher outreach		386	94	-	480	380
Special Events		18	-	-	18	83
Communications		653	38	-	691	571
<b>TOTAL</b>	3	<b>1,946</b>	<b>403</b>	<b>-</b>	<b>2,349</b>	<b>2,328</b>
Net Gains on Investments:						
Realised gains on disposals		-	-	49	49	13
Unrealised gains		-	-	51	51	22
<b>NET (EXPENDITURE)/ INCOME</b>	4	<b>322</b>	<b>(128)</b>	<b>122</b>	<b>316</b>	<b>50</b>
Transfers between funds		200	-	(200)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>522</b>	<b>(128)</b>	<b>(78)</b>	<b>316</b>	<b>50</b>
<b>RECONCILIATION OF FUNDS:</b>						
TOTAL FUNDS BROUGHT FORWARD	11,12, 13,14	873	241	1,912	3,026	2,976
TOTAL FUNDS CARRIED FORWARD	11,12, 13,14	1,395	113	1,834	3,342	3,026

# The Institute of Economic Affairs

BALANCE SHEET  
As at 31 March 2022

Company Registration No. 755502  
Registered Charity No. 235351

	<i>Notes</i>	31 March 2022	31 March 2021
		£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	7	536	551
Investments	8	1,790	1,889
		<hr/>	<hr/>
		2,326	2,440
<b>CURRENT ASSETS</b>			
Debtors	9	273	108
Cash at bank and in hand		1,009	660
		<hr/>	<hr/>
		1,282	768
<b>CREDITORS: Amounts falling due within one year</b>	10	(266)	(182)
<b>NET CURRENT ASSETS</b>		<hr/>	<hr/>
		1,016	586
<b>NET ASSETS</b>		<hr/>	<hr/>
		3,342	3,026
		<hr/>	<hr/>
<b>THE FUNDS OF THE CHARITY:</b>			
Endowment fund	11, 14	1,834	1,912
Restricted funds	12,14	113	241
Unrestricted funds	13,14	1,395	873
		<hr/>	<hr/>
<b>TOTAL FUNDS</b>	14	3,342	3,026
		<hr/>	<hr/>

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

The financial statements on pages 12 to 25 were approved by the Trustees and authorised for issue on

24 October 2022 and are signed on their behalf by:



Neil Record  
Chairman

# The Institute of Economic Affairs

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

		2022 (12 months) £000	2021 (15 months) £000
Net cash generated from/(used in) operating activities	(A)	133	86
Cash flows from investing activities:			
Dividends and interest		22	24
Proceeds from sale of investments		273	550
Purchase of investments		(74)	(377)
Purchase of fixed assets		(5)	(6)
Net cash provided by investing activities		216	191
Change in cash and cash equivalents in the period	(B)	349	277
Cash and cash equivalents at 1 April 2021 (1 January 2020)		660	383
Cash and cash equivalents at 31 March		1,009	660
(A) RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH USED IN OPERATIONS:			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		316	50
Adjustments for:			
Depreciation charges		20	23
Gains on investments		(100)	(35)
Dividends and interest		(22)	(24)
(Increase)/Decrease in debtors		(165)	200
Increase/(Decrease) in creditors		84	(128)
Net cash generated from/(used in) operating activities		133	86
(B) ANALYSIS OF CHANGES IN NET DEBT			
Cash at bank and in hand at 1 April 2021 (1 January 2020)		660	383
Cash flow		349	277
Cash at bank and in hand at 31 March		1,009	660

# The Institute of Economic Affairs

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING AND GOING CONCERN

The Institute of Economic Affairs (IEA) is a charitable company limited by guarantee, and is registered, domiciled and incorporated in England. Its registered office is 2 Lord North Street, Westminster, London SW1P 3LB. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recognised at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective October 2019, the Charities Act 2011, and the Companies Act 2006. The Institute constitutes a public benefit entity as defined by FRS 102.

The Trustees confirm that at the time of approving the financial statements, there is a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Trustees have reviewed budgets and cash flow forecasts covering a period to 31 March 2024, taken account of current and anticipated financial performance in the current economic conditions, and the Institute's reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Institute's financial statements.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost, less depreciation. Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write each asset down evenly over its expected useful life, as follows:-

Freehold property	over 40 years
Office equipment	over 3 years

Expenditure of a capital nature below £1,000 is not capitalised, but charged to the Statement of Financial Activities in the year of expenditure.

### STOCKS AND WORK IN PROGRESS

No value for accounts purposes is attributed to stocks of unsold publications.

### PENSION CONTRIBUTIONS

The Institute operates a defined contribution scheme. Contributions are charged to the Statement of Financial Activities on an accruals basis. Amounts payable at the period end are included in other creditors.

### INCOME

Income from donations is included in income when these have been pledged by the donor, it is probable that the income will be received and the amount can be measured reliably, except:

- when donors specify that donations given to the charity must be used in future accounting periods, the income is deferred until those periods;
- when donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the pre-conditions for use have been met.

Subscription income is credited to income for the subscription period covered.

All other income including income from investments is credited to income when receivable by the charity.

Income received from the government Coronavirus Job Retention Scheme (CJRS) has been recognised on a receivables basis.

### EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. All costs are allocated between expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs include central functions and have been allocated to activity cost categories on a basis

# The Institute of Economic Affairs

## ACCOUNTING POLICIES

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consistent with the use of resources e.g. by floor space. Staff costs have been allocated according to the time spent on each activity.

### FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

### RESEARCH EXPENDITURE

Research expenditure is written off in the financial statements as it is incurred.

### ENDOWMENT FUND

The Ralph Harris Fund is an expendable endowment fund whose use is restricted to financial support for the position of the Director General, including employment and support costs.

### UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. Designated funds are unrestricted funds which the Trustees have currently designated for specific purposes. General funds are unrestricted funds for which no specific purposes have been designated.

### RESTRICTED FUNDS

Restricted funds are those donated to the Institute for one or more specific purposes.

### OPERATING LEASES

All operating lease rentals are recognised in the Statement of Financial Activities on a straight line basis over the life of the lease.

### FINANCIAL INSTRUMENTS

The charity has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

#### **Financial assets:**

Basic financial assets, including investments held as fixed assets, and trade and other receivables, are initially recognised at transaction price.

Investments held as fixed assets comprise equities, open-ended funds, fixed interest securities and currency and are stated at year end market value (bid-price). Realised gains and losses on disposal and unrealised gains and losses due to the movement in market value of investments are recognised in the Statement of Financial Activities.

Other financial assets are assessed at the end of each reporting period for objective evidence of impairment due to reduction in the recoverable amount. Any impairment losses are recognised in the Statement of Financial Activities.

#### **Financial liabilities:**

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Any subsequent changes to amounts payable are recognised in the Statement of Financial Activities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and areas of judgement included within these accounts.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 1 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES (15 months)

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2021 £000
<b>INCOME FROM:</b>					
Donations	2	1,750	400	-	2,150
<b>Charitable Activities:</b>					
Publications and Subscriptions		43	-	-	43
Special events		3	-	-	3
Other trading activities		30	-	-	30
CJRS Income		93	-	-	93
<b>Investments:</b>					
Dividends receivable		-	-	23	23
Interest receivable		-	-	1	1
<b>TOTAL</b>		<b>1,919</b>	<b>400</b>	<b>24</b>	<b>2,343</b>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds:</b>					
Fundraising and subscriber support		367	-	-	367
<b>Charitable activities:</b>					
<b>Academic programme:</b>					
Research and Publications		814	113	-	927
Student/Teacher outreach		219	161	-	380
Special Events		83	-	-	83
Communications		566	5	-	571
<b>TOTAL</b>	3	<b>2,049</b>	<b>279</b>	<b>-</b>	<b>2,328</b>
<b>Net Gains on Investments:</b>					
Realised gains on disposals		-	-	13	13
Unrealised (losses)/gains		-	-	22	22
<b>NET (EXPENDITURE)/INCOME</b>	4	<b>(130)</b>	<b>121</b>	<b>59</b>	<b>50</b>
Transfers between funds		241	-	(241)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>111</b>	<b>121</b>	<b>(182)</b>	<b>50</b>
<b>RECONCILIATION OF FUNDS:</b>					
<b>TOTAL FUNDS BROUGHT FORWARD</b>	11,12 13,14	<b>762</b>	<b>120</b>	<b>2,094</b>	<b>2,976</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	11,12 13,14	<b>873</b>	<b>241</b>	<b>1,912</b>	<b>3,026</b>

The Institute of Economic Affairs  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2022

2	DONATIONS	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
	Foundations, corporate and individuals		
	Restricted	275	400
	Unrestricted	2,148	1,750
		2,423	2,150
		2,423	2,150

3	ALLOCATION OF COSTS 2022 (12 months)	Direct costs £000	Support costs £000	2022 Total £000
	Fundraising and subscriber support	20	279	299
	Research and Publications	238	623	861
	Student/Teacher Outreach	104	376	480
	Special Events	-	18	18
	Communications	148	543	691
		510	1,839	2,349
		510	1,839	2,349

ALLOCATION OF SUPPORT COSTS 2022 (12 months)

Personnel costs	1,568
Office costs	189
Property costs	62
Travel costs	20
	1,839
	1,839

Support costs have been allocated as follows:

	Support costs	Personnel costs
Fundraising and subscriber support	16%	15%
Publications	33%	34%
Student/Teacher Outreach	29%	19%
Special Events	1%	1%
Communications	21%	31%

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

3	<i>ALLOCATION OF COSTS 2021 (15 months)</i>	<i>Direct costs £000</i>	<i>Support costs £000</i>	<i>2021 Total £000</i>
	<i>Fundraising and subscriber support</i>	15	352	367
	<i>Research and Publications</i>	120	807	927
	<i>Student/Teacher Outreach</i>	48	332	380
	<i>Special Events</i>	-	83	83
	<i>Communications</i>	73	498	571
		<u>256</u>	<u>2,072</u>	<u>2,328</u>

### *ALLOCATION OF SUPPORT COSTS 2021 (15 months)*

<i>Personnel costs</i>	1,852
<i>Office costs</i>	143
<i>Property costs</i>	70
<i>Travel costs</i>	7
	<u>2,072</u>

*Support costs have been allocated as follows:*

	<i>Support costs</i>	<i>Personnel costs</i>
<i>Fundraising and subscriber support</i>	17%	17%
<i>Research and Publications</i>	39%	39%
<i>Student/Teacher Outreach</i>	16%	16%
<i>Special Events</i>	4%	4%
<i>Communications</i>	24%	24%

4	NET EXPENDITURE	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
	Net expenditure for the period is stated after charging:		
	Depreciation – charge for period	20	23
	Governance Costs - Auditor’s remuneration	6	19
	Other Governance Costs	2	-
	Legal fees	-	-
	Operating lease rentals – plant and machinery	12	16
		<u>        </u>	<u>        </u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 5 TAXATION

The Institute is not liable to corporation tax on its income and gains in the current period to the extent that they are applied for charitable purposes.

6 EMPLOYEES	31 March 2022 (12 months) No.	31 March 2021 (15 months) No.
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The average monthly number of persons employed by the Institute during the period was:

Office and management	20	20
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	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Staff costs for above persons:		
Wages and salaries, including benefits	1,065	1,294
Social security costs	117	143
Other pension costs	40	90
	<u>1,222</u>	<u>1,527</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the 15 month period was as follows:

	31 March 2022 (12 months) No.	31 March 2021 (15 months) No.
£60,001 - £70,000	2	3
£80,001 - £90,000	1	-
£90,001 - £100,000	3	3
£100,001 - £110,000	1	-
£190,001 - £200,000	1	1
	<u>1</u>	<u>1</u>

The employees earning over £60,000 participate in the company defined contribution pension scheme. Contributions paid in the period in respect of these employees amounted to £45,787 (2021: £56,545).

The key management personnel of the Institute comprise the Trustees, together with the Director General, the Chief Operating Officer, the Academic & Research Director, the Chief Marketing & Creative Officer and the Development Director. The total employee benefits of these key management personnel were £558,672 (2021: £586,460), including pension and social security costs, and also consultancy fees paid to the Academic & Research Director and the Chief Marketing & Creative Officer who provide their services on a consultancy basis.

No Trustees, or persons related or connected to them, received any remuneration or reimbursement of expenses from the Institute during the period, other than as detailed in note 17 below.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 7 TANGIBLE FIXED ASSETS

	Freehold property £000	Office equipment £000	Total £000
Cost			
1 April 2021	965	9	974
Additions in year	-	5	5
Disposals in year	-	(2)	(2)
31 March 2022	<u>965</u>	<u>12</u>	<u>977</u>
Depreciation			
1 April 2021	419	4	423
Charged for period	18	2	20
Released on disposals	-	(2)	(2)
31 March 2022	<u>437</u>	<u>4</u>	<u>442</u>
Net book value			
31 March 2022	<u>528</u>	<u>8</u>	<u>536</u>
31 March 2021	<u>546</u>	<u>5</u>	<u>551</u>

### 8 FIXED ASSET INVESTMENTS

	Open-end funds £000	Cash held on deposit £000	Total £000
Market value at			
1 April 2021	1,137	752	1,889
Additions	-	74	74
Disposals	(146)	(127)	(273)
Investment gains	100	-	100
Market value at 31 March 2022	<u>1,091</u>	<u>699</u>	<u>1,790</u>
Historical cost at 31 March 2022	<u>889</u>	<u>699</u>	<u>1,588</u>
Historical cost at 31 March 2021	<u>986</u>	<u>752</u>	<u>1,738</u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

9 DEBTORS	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Trade debtors	109	58
Taxation recoverable	6	-
Prepayments and accrued income	158	50
	<u>273</u>	<u>108</u>

10 CREDITORS: Amounts falling due within one year	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Trade creditors	95	18
Taxation and social security	32	33
Other creditors	-	23
Accruals and deferred income	139	108
	<u>266</u>	<u>182</u>

Deferred income has arisen as a result of 2 year subscriptions paid in advance. Amounts are released to the Statement of Financial Activities within the period to which the subscription relates.

	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Deferred income at 1 April 2021 (1 January 2020)	1	108
Released to Statement of Financial Activities in period	(1)	(108)
Deferred in period	1	1
	<u>1</u>	<u>1</u>

### 11 EXPENDABLE ENDOWMENT FUND

	At 1 April 2021 £000	Investment Income £000	Transfers between funds £000	Investment Gains £000	At 31 March 2022 £000
Ralph Harris Fund	1,912	22	(200)	100	1,834
	<u>1,912</u>	<u>22</u>	<u>(200)</u>	<u>100</u>	<u>1,834</u>

The Ralph Harris Fund has been established as an expendable endowment fund to endow the position of Director General of the IEA as "Director General and Ralph Harris Fellow."

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 12 RESTRICTED FUNDS

	At 1 April 2021 £000	Income £000	Expenditure £000	At 31 March 2022 £000
Events and Publications	-	4	(4)	-
Richard Koch Breakthrough Prize	40	55	(95)	-
Roof Restoration Fund	34	-	-	34
Cultural Affairs Unit	55	-	(55)	-
Trade Unit	-	15	(15)	-
Regulatory Affairs Unit	-	8	(8)	-
Lifestyle Economics	-	6	(6)	-
IATP	-	23	(23)	-
Student Outreach and Opportunity	6	5	(6)	5
European Network	5	75	(44)	36
Think Tent	-	38	(38)	-
Vinson Centre at the University of Buckingham	21	46	(67)	-
M Fund	80	-	(42)	38
	<u>241</u>	<u>275</u>	<u>(403)</u>	<u>113</u>

Donations were received to support various events and publications.

The Richard Koch Breakthrough prize will be awarded in a competition concerning innovative Free-Market Breakthrough policies.

Donations were received in response to a fundraising appeal to cover the costs of essential roof repair work in the next financial year.

The IEA has specialist units which examine and report on cultural affairs, trade and competition, regulatory affairs and lifestyle economics.

The Initiative for African Trade and Prosperity (IATP) is guided by the core belief that bottom-up free market policies are the most effective way to alleviate poverty, amplify liberty and create a more peaceful future.

The IEA's Student Outreach Programme aims to spread understanding of free markets and their benefits to students, and includes a Student Opportunity Fund to provide financial support to students who otherwise couldn't access IEA programmes.

Donations were received to support a network of public policy organisations from European countries.

Donations were received to establish a marquee, Think Tent, organised with two other think tanks, to be the central point for free market debate at the Conservative Party Conference.

The Vinson Centre at the University of Buckingham seeks to further the study of liberal economics in the UK.

The M Fund was set up to promote research into the reduction in the size of the public sector and to promote an interest in market economy policies on the part of teachers and senior pupils.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 13 UNRESTRICTED FUNDS

	At 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2022 £000
Designated Funds					
Fixed Asset Fund	546	-	(18)	-	528
Major Building Works Fund	170	-	-	-	170
Designated unrestricted funds	716	-	(18)	-	698
Unrestricted general funds	157	2,268	(1,928)	200	697
	873	2,268	(1,946)	200	1,395

The Fixed Asset Fund represents donations made to the Institute currently designated and used by the Trustees for the purpose of acquiring freehold and investment property. A transfer has been made between the Fixed Asset Fund and general funds in order to reflect the depreciation of the freehold property in the period.

Funds were designated to undertake major building works which were originally planned to be undertaken in 2020 but delayed due to the Coronavirus Pandemic.

Unrestricted general funds represent free reserves after allowing for all designated funds.

### 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated Funds £000	General Funds £000	Restricted funds £000	Endowment fund £000	Total funds £000
Fund balances at 31 March 2022 are represented by:					
Tangible fixed assets	528	8	-	-	536
Investments	-	-	-	1,790	1,790
Current assets	170	955	113	44	1,282
Current liabilities	-	(266)	-	-	(266)
Total net assets	698	697	113	1,834	3,342

### 15 PENSION SCHEMES

The Institute operates a defined contribution scheme and contributions to the scheme are made to an independent insurance company.

The pension costs of the Institute's scheme amounted to £40,225 (2021: £90,034). There were no contributions outstanding at the end of the period (2021: £22,750).

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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### 16 STATUS

The Institute is a company limited by guarantee and has no share capital. The Institute had 10 (2021: 11) members at the period end.

The Memorandum of Association provides that members are liable to contribute a sum not exceeding £1 each in the event of the company being wound up while they are members or within one year of ceasing to be members.

### 17 RELATED PARTY TRANSACTIONS

During the period £122,751 was incurred in employment costs (2021: £119,669) of the partner of the Director General, who is a full-time employee of the Institute. There was £17,258 outstanding at the period end (2021: £6,828) in respect of these transactions.

Donations from trustees in the period totalled £70,290 (2021: £127,773). Donations from staff and consultants in the period totalled £10,020 (2021:nil).

Donations and fees of £179,183 (2021: £57,867) were received or pledged in the period from a company in which a Trustee is a director, and three Trustees are members. £72,000 (2021:nil) was outstanding at the year-end in respect of these transactions.

No conditions were attached to any of these donations which would require the charity to alter significantly the nature of its existing activities.

### 18 COMMITMENT UNDER OPERATING LEASES

The total future minimum lease payments, at the reporting date, under non-cancellable operating leases are as follows:	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Amounts due:		
- within one year	17	11
- between one and five years	44	27
	<hr/>	<hr/>

### 19 FINANCIAL INSTRUMENTS

	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Financial Assets, at fair value:		
Investments held as fixed assets	1,790	1,889
	<hr/>	<hr/>

**THE INSTITUTE OF ECONOMIC AFFAIRS LIMITED**

England & Wales - Charity number 235351

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# Accounts

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**The Institute of Economic Affairs**  
**(A Charitable Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

for the 15 month period ended

31 March 2021

Company Registration No. 755502  
Registered Charity No. 235351

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 755502

Charity Registration Number: 235351

### TRUSTEES

Neil Record	Chairman
Kevin Bell	
Christian Bjornskov	Appointed 10 November 2020
Robert Boyd	
Linda Edwards	
Robin Edwards	Treasurer
Sir Michael Hintze	
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	
Linda Whetstone	

DIRECTOR GENERAL – responsible for day to day management.

Mark Littlewood

### ACADEMIC & RESEARCH DIRECTOR

Syed Kamall

### SECRETARY

A Mayer

### REGISTERED OFFICE

2 Lord North Street  
Westminster  
London SW1P 3LB

### AUDITOR

RSM UK Audit LLP  
The Pinnacle, 170 Midsummer Boulevard  
Milton Keynes  
Bucks  
MK9 1BP

### BANKERS

Barclays Bank PLC  
Leicester  
LE87 2BB

### INVESTMENT MANAGERS

CCLA Investment Management Limited  
Vanguard Asset Management

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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The Trustees present their report together with the financial statements of the Institute of Economic Affairs (IEA) for the fifteen month period ended 31 March 2021.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, 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 (published October 2019).

### STATUS

The Institute of Economic Affairs is a charitable company limited by guarantee. The Institute was established through a trust deed in November 1955 and incorporated in 1963. It was set up under a Memorandum of Association which sets out its objects and powers and is governed under its Articles of Association. It is a registered charity No. CC/235351.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The IEA is managed by its Director General, Mark Littlewood, who oversees all aspects of its affairs and is responsible for achieving its goals. He reports three times a year to the full Board of Trustees and more frequently to its Finance and General Purposes Committee, comprising the committee Chairman, Bruno Prior, the Chairman of the Board, Neil Record, the Treasurer, Robin Edwards, and board member, Robert Boyd. These individuals also serve as the Audit Committee. Decisions about the level and mix of activities are made by the Trustees; about detailed day-to-day operations by senior staff, sometimes with advice from the Finance and General Purposes Committee. Two of the Trustees, the Chairman of the Board, Neil Record, and the Chairman of the Finance and General Purposes Committee, Bruno Prior, form a sub-committee which reviews the Director General's performance annually. Three of the Trustees, the Chairman of the Board, Neil Record, Kevin Bell, and Linda Whetstone, together form a Nominations subcommittee which recommends potential Trustees to the full Board from time to time.

### OBJECTIVES AND ACTIVITIES

The charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We try to achieve our objectives by means of the activities listed below, which include allocated support costs.

Academic programmes:

- Research, publication and launch events
- Student/teacher outreach
- Special events
- Communication and distribution, including digital and media

Fundraising and subscriber support (more details of our approach are provided below).

### PUBLIC BENEFIT

As detailed above, the charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We bring analysis of issues relating to political economy to the public's attention through our various academic programmes and other activities. The Trustees confirm that, in exercising their powers and fulfilling their responsibilities in pursuit of the aims described above, they have paid due regard to the guidance on public benefit published by the Charity Commission.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### FUNDRAISING

The IEA is entirely independent of any political party or group, and is funded by voluntary donations from individuals, companies and foundations who want to support its work plus a small amount of income from subscriptions, event partnerships and conferences, plus books sales and investments.

The IEA does not use commercial fundraisers nor carry out mass mailing/communications exercises. Most donors come to the IEA unprompted or via third party recommendations. Where the IEA seeks prospective donors to pro-actively reach out to, this is done using published data from the Electoral Commission and similar organisations.

Donors are communicated with in the format and with the frequency they prefer. Internal protocols exist to desist from communicating with donors who have ceased to donate and have not responded to further communication. New donors are investigated to the best of the IEA's ability to ensure that donations have not come from government organisations and are from people or organisations of good standing.

A diligent approach is taken to ensure that all donations are intended, not accidental or from someone who may not understand the nature of the donation they are giving. The IEA has received no complaints regarding its fundraising activities.

### REVIEW OF ACHIEVEMENTS

Like most organisations (and, of course, society in general), the IEA was profoundly affected by the outbreak of Covid-19, which dominated the landscape during most of the 15 months in question.

We took immediate steps to mitigate its potential impact on our output and activities. In the weeks and days running up to the first lockdown, in March 2020, we re-imagined and re-engineered our outputs to ensure we would be able to produce a constant flow of high quality, high profile, research, films, webinars, podcasts and more.

The key to this was to intensify our digital activity – and the results were both rewarding and spectacular. Within a month of lockdown we launched a seven-days-a-week schedule of new programmes, webinars and films for our YouTube channel, also supported by a daily digital newsletter.

The demands of such an intense schedule called for staff members to learn, absorb and master the techniques of TV production (whilst also constructing an inexpensive but highly effective in-house TV studio) from a standing start, in an incredibly short space of time.

All of this was greeted with huge enthusiasm by our followers and our donors (some of whom increased their giving as a result), whilst fellow think tanks and publishing professionals expressed their deep admiration for our achievements.

In the 15 months to 31 March 2021 our YouTube channel attracted 906,000 viewers – up from 312,000 in the preceding 15 months (and this trend has continued). At the same time, subscriptions to the channel more than doubled to over 11,000.

We were extremely keen, as an educational charity, to help students whose learning had been severely impacted by successive lockdowns. To this end, we produced two comprehensive series of films – Economics 101 and The History of Economics – aimed directly at a student audience. So far, these films have been watched over 400,000 times. And we also used our primer 'School of Thought: 101 great liberal thinkers' as a platform for a series of films and podcasts on the subject.

But this new focus on video did not detract from our written output. Across the 15-month period in question, we produced 35 publications, ranging from short briefings to full length books and reports (on topics such

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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as regulation, taxation, trade, healthcare and more). These included a series of Covid-19 briefings, examining and assessing the impact of the disease on society and the economy.

Whilst we moved away (at least temporarily) from printed papers, we ensured that these digital papers were widely disseminated and publicised through our communications team, our website, our newsletters, podcasts and our YouTube channel.

Whether physical or digital, our research output benefits from the support and guidance of a network of distinguished academic advisers whilst our main publications continue to be refereed by independent scholars.

The lockdown did not deter us from staging our showpiece event of the year - our annual Hayek Memorial Lecture. Instead of staging a bricks-and-mortar event (usually attended by around 400 people) we created a live virtual lecture, with author and historian Dr Steven Davies presenting *The World after the Pandemic*. The lecture attracted over 2,500 viewers, with the live audience able to put questions (through Zoom and YouTube) to Dr Davies.

Whilst the IEA's objectives remain essentially long-term in nature, the digital lessons we've learned during this period have been invaluable – and are likely to have a lasting impact on the way we communicate our ideas.

Our mission is to improve public understanding of the fundamental institutions of a free society by underlining the role of markets in solving economic and social problems.

The audience growth we have witnessed during this period speaks to our determination to communicate that message in a contemporary, compelling and relevant way.

### FINANCIAL REVIEW

Total income for the 15 month period was £2,343,000 (2019 (12 months): £2,065,000) and total expenditure was £2,328,000 (2019: £2,458,000). After taking account of gains on investments of £35,000 (2019: £233,000), there was a net increase in funds of £50,000 (2019: reduction £160,000) in the period. Restricted income was £400,000 (2019: £375,000) compared with expenditure on restricted projects of £279,000 (2019: £546,000). Investment income on the Ralph Harris Endowment Fund during the period amounted to £24,000 (2019: £36,000). Total net assets were maintained at £3,026,000 (2019: £2,976,000). The financial statements, together with the notes thereto, expand on these outline details.

The Finance and General Purposes Committee, and the full Board of Managing Trustees, regularly review the amount of donations. There has been a 6% decrease, pro-rata, in the amount of donations in this 15 month period, compared with the year 2019. We are grateful to all our donors for supporting our work.

### GRANT MAKING POLICY

The Trustees make occasional grants to individuals to support their research and to attend conferences. These are often from restricted funds donated specifically for such purposes. From time to time grants may be made to other institutes where the Trustees think it appropriate. All such projects are assessed by reference to our mission.

### INVESTMENT AND RESERVES POLICIES

The Institute's educational mission has a long-term orientation, as noted above, whereas our ability to carry out our work depends on attracting annual donations in a highly competitive fund-raising environment. Accordingly, the Trustees' policy is to invest conservatively, largely in equity funds, fixed interest funds and government securities. The Ralph Harris Fund is invested with a long-term time horizon. The Treasurer and the Finance and General Purposes Committee regularly review investment results. During the period, the value of the investments rose by 1.9% relative to a fall in the FTSE 100 Index of 11%.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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The Trustees' policy on reserves, which is reviewed annually, is to have sufficient liquid funds on hand to cover two months of budgeted expenditure, which amounts to approximately £450,000. We believe this is adequate, under normal circumstances, to enable us to maintain operations in the event of seasonal or other fluctuations in donations and/or expenditure. This target has been met in that there was cash at bank and in hand of £660,000 at the year-end plus the cash deposits held within the Ralph Harris Fund of £752,000 which are available to endow the position of the Director General of the IEA. A transfer of £241,000 has been made during the period in this respect. The Trustees do not seek to accumulate reserves, but rather to apply donations in support of the Institute's programmes in accordance with donors' intent. The free reserves of the charity as at 31 March 2021, defined as being unrestricted, undesignated funds not represented by tangible fixed assets, amounted to £157,000 (2019: £194,000).

### RISK REVIEW

The principal risks and uncertainties to which the IEA is exposed are reputational, loss of key personnel, and financial.

Reputational risk centres on the quality and integrity of the Institute's research and publications and other activities. All the IEA's major publications are peer reviewed. The system was managed in the period by the Academic and Research Director and supervised by the Chairman of our Academic Advisory Board, Professor Martin Ricketts.

The IEA maintains strict independence from commercial, party political or other interests. It does not accept commissions to perform research on behalf of commercial or governmental interests.

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman, to assess whether both the employer's and employees' objectives are being satisfied. As with any small organisation, it is not possible to completely protect against the loss of key people.

Financial risks and uncertainties are largely covered by the Reserves and Investment policies noted above. The Trustees examine at least once a year the major strategic, operational and financial risks and uncertainties which the Institute faces, either at regular or special Board meetings, or through the Finance and General Purposes Committee.

### FUTURE PLANS

In 2021-22, the IEA intends to further the progress made during the past 15 months. We will do so through our respected publications programme, which will produce high-calibre research on healthcare, the regulatory environment, universal basic income, broadcasting and more; through our extensive student and teacher outreach programme and through our comprehensive communications strategy.

Due to COVID-19 some activities have been rescheduled from 2020 to 2021.

### COVID-19

The Trustees have received regular reports from the Senior Leadership Team regarding the impact of Covid-19 on the IEA and the proposed response, including updated and detailed income and expenditure forecasts. The 2020/21 budget was substantially revised downwards at the Finance and General Purposes Committee meetings in April and July 2020, a degree of caution endorsed by the Board in June. Further revisions in quarter four meetings showed increasing optimism, before stabilising in quarter five.

In response to an initial assessment of a 40% fall in income, expenditure plans were reduced by 30% by eliminating all non-essential spending and physical events, postponing building works and adopting a programme of voluntary surrenders, both of salary and vacation time that could not be used. The Board designated additional emergency funds to hedge against further downside risk. The IEA did not need to take advantage of COVID-loans, but have made use of the furlough scheme to manage a reduction in staff activity

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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that might otherwise have resulted in redundancies. The IEA offices were closed during lockdown and partially re-opened during periods when restrictions were eased. In normal times, our occupancy was 75-90% of staff, and during various stages of lockdown it was between 0-25%. We anticipate it returning to 40-70% as the new normal when lockdown measures are fully eased. We are fully prepared for hybrid operations.

The IEA's response to planned closure was rapid and agile. We invested early in online streaming and meeting services, and during the summer of 2020 built a digital studio, that we were then able to maintain as a service through the second wave. We invested in on-line staff well-being events to maintain morale, and have progressed to similar physical events (while maintaining COVID-secure operations) as the rules allow. The IEA has also published work on the impact of COVID policy on the economy throughout the pandemic, some of which has helped better policy formation, for example, the decision to replace the furlough scheme with a flex-furlough programme that allowed people to work part-time.

### TRUSTEES

The following were Trustees (who are directors for the purposes of company law) at the time of signing this report and financial statements. They all held office throughout the 15 month period ended 31 March 2021 and up to the date of signing this report, unless otherwise stated.

Neil Record	Chairman
Kevin Bell	
Christian Bjornskov	Appointed 10 November 2020
Robert Boyd	
Linda Edwards	
Robin Edwards	Treasurer
Sir Michael Hintze	
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	
Linda Whetstone	

None of the Trustees has an interest, direct or indirect, in any contract entered into by the Institute. The Trustees may from time to time, and at any time, appoint any person to be a Trustee, up to the prescribed maximum of twelve. Appointments are normally made on the recommendation of the Nominations Committee. Any Trustee so appointed retains office until the next Annual General Meeting, and is then eligible for re-election on a three-year rotating basis.

New Trustees are 'trained' mostly on the job by attending meetings of Trustees. They are provided with notes covering the Institute's mission, history, organisation, governance and details of the other Trustees, together with the latest Trustees' Report and Financial Statements. Newly appointed Trustees will usually already have substantial board level or departmental management experience in either the commercial or academic arenas.

### PAY POLICY FOR SENIOR STAFF

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman. Pay increases and bonuses are awarded to reward merit. Decisions regarding pay levels are informed by reference to other think tanks and also comparable positions in related sectors.

### TAXATION STATUS

The charitable company is a registered charity and, as such, for taxation purposes is entitled to exemption under the Income and Corporation Taxes Act 1988.

# The Institute of Economic Affairs

## TRUSTEES' REPORT

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### AUDITOR

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

The Trustees have taken advantage of the exemptions available under the small companies' regime from the requirement to prepare a strategic report and in preparing the Trustees' Report.

By order of the board



Neil Record  
Chairman

19 July 2021

# The Institute of Economic Affairs

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees (who are also directors of the Institute of Economic Affairs for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 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 company will continue in business.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board



Neil Record  
Chairman

19 July 2021

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the 15 month period ended 31 March 2021

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### **Opinion**

We have audited the financial statements of the Institute of Economic Affairs, ('the charitable company'), for the period ended 31 March 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the charitable company's ability to continue as a going concern for a period of at least twelve months from the date 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 Trustees' Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the 15 month period ended 31 March 2021

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### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 the audit was considered capable of detecting irregularities, including fraud.**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

# The Institute of Economic Affairs

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the 15 month period ended 31 March 2021

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However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to GDPR. We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

SARAH MASON (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
Bucks  
MK9 1BP

27 July 2021

The Institute of Economic Affairs  
STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)  
For the 15 month period ended 31 March 2021

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2021 (15mths) £000	Total 2019 (12mths) £000
<b>INCOME FROM:</b>						
Donations	2	1,750	400	-	2,150	1,831
Charitable activities:						
Publications and subscriptions		43	-	-	43	93
Special events		3	-	-	3	75
Other trading activities		30	-	-	30	28
CJRS Income		93	-	-	93	-
Investments:						
Dividends receivable		-	-	23	23	34
Interest receivable		-	-	1	1	4
<b>TOTAL</b>		<b>1,919</b>	<b>400</b>	<b>24</b>	<b>2,343</b>	<b>2,065</b>
<b>EXPENDITURE ON:</b>						
Raising Funds:						
Fundraising and subscriber support		367	-	-	367	340
Charitable activities:						
Academic programme:						
Research and Publications		814	113	-	927	948
Student/Teacher outreach		219	161	-	380	514
Special Events		83	-	-	83	93
Communications		566	5	-	571	563
<b>TOTAL</b>	3	<b>2,049</b>	<b>279</b>	<b>-</b>	<b>2,328</b>	<b>2,458</b>
Net Gains on Investments:						
Realised gains on disposals		-	-	13	13	36
Unrealised gains		-	-	22	22	197
<b>NET (EXPENDITURE)/ INCOME</b>	4	<b>(130)</b>	<b>121</b>	<b>59</b>	<b>50</b>	<b>(160)</b>
Transfers between funds		241	-	(241)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>111</b>	<b>121</b>	<b>(182)</b>	<b>50</b>	<b>(160)</b>
<b>RECONCILIATION OF FUNDS:</b>						
TOTAL FUNDS BROUGHT FORWARD	11,12, 13,14	762	120	2,094	2,976	3,136
TOTAL FUNDS CARRIED FORWARD	11,12, 13,14	873	241	1,912	3,026	2,976

# The Institute of Economic Affairs

BALANCE SHEET  
As at 31 March 2021

Company Registration No. 755502  
Registered Charity No. 235351

	<i>Notes</i>	31 March 2021	31 December 2019
		£000	£000
FIXED ASSETS			
Tangible assets	7	551	568
Investments	8	1,889	2,027
		<hr/>	<hr/>
		2,440	2,595
CURRENT ASSETS			
Debtors	9	108	308
Cash at bank and in hand		660	383
		<hr/>	<hr/>
		768	691
CREDITORS: Amounts falling due within one year	10	(182)	(310)
NET CURRENT ASSETS		<hr/>	<hr/>
		586	381
NET ASSETS		<hr/>	<hr/>
		3,026	2,976
THE FUNDS OF THE CHARITY:			
Endowment fund	11, 14	1,912	2,094
Restricted funds	12,14	241	120
Unrestricted funds	13,14	873	762
		<hr/>	<hr/>
TOTAL FUNDS	14	3,026	2,976
		<hr/>	<hr/>

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

The financial statements on pages 12 to 25 were approved by the Trustees and authorised for issue on

19 July 2021 and are signed on their behalf by:



Neil Record  
Chairman

# The Institute of Economic Affairs

## STATEMENT OF CASH FLOWS

For the 15 month period ended 31 March 2021

		2021 15 months £000	2019 12 months £000
Net cash generated from/(used in) operating activities	(A)	86	(214)
Cash flows from investing activities:			
Dividends and interest		24	38
Proceeds from sale of investments		550	491
Purchase of investments		(377)	(185)
Purchase of fixed assets		(6)	-
Net cash provided by investing activities		191	344
Change in cash and cash equivalents in the period	(B)	277	130
Cash and cash equivalents at 1 January		383	253
Cash and cash equivalents at 31 March 2021 (31 December 2019)		660	383
(A) RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH USED IN OPERATIONS:			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		50	(160)
Adjustments for:			
Depreciation charges		23	19
Gains on investments		(35)	(233)
Dividends and interest		(24)	(38)
Decrease in debtors		200	217
Decrease in creditors		(128)	(19)
Net cash generated from/(used in) operating activities		86	(214)
(B) ANALYSIS OF CHANGES IN NET DEBT			
Cash at bank and in hand at 1 January		383	253
Cash flow		277	130
Cash at bank and in hand at 31 March 2021 (31 December 2019)		660	383

# The Institute of Economic Affairs

## ACCOUNTING POLICIES (continued)

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### BASIS OF ACCOUNTING AND GOING CONCERN

The Institute of Economic Affairs (IEA) is a charitable company limited by guarantee, and is registered, domiciled and incorporated in England. Its registered office is 2 Lord North Street, Westminster, London SW1P 3LB. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recognised at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective October 2019, the Charities Act 2011, and the Companies Act 2006. The Institute constitutes a public benefit entity as defined by FRS 102.

The Trustees confirm that at the time of approving the financial statements, there is a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Trustees have reviewed budgets and cash flow forecasts covering a period to 31 March 2023, taken account of current and anticipated financial performance in the current economic conditions, and the Institute's reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Institute's financial statements.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost, less depreciation. Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write each asset down evenly over its expected useful life, as follows:-

Freehold property over 40 years

Office equipment over 3 years

Expenditure of a capital nature below £1,000 is not capitalised, but charged to the Statement of Financial Activities in the year of expenditure.

### STOCKS AND WORK IN PROGRESS

No value for accounts purposes is attributed to stocks of unsold publications.

### PENSION CONTRIBUTIONS

The Institute operates a defined contribution scheme. Contributions are charged to the Statement of Financial Activities on an accruals basis. Amounts payable at the period end are included in other creditors.

### INCOME

Income from donations is included in income when these have been pledged by the donor, it is probable that the income will be received and the amount can be measured reliably, except:

- when donors specify that donations given to the charity must be used in future accounting periods, the income is deferred until those periods;
- when donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the pre-conditions for use have been met.

Subscription income is credited to income for the subscription period covered.

All other income including income from investments is credited to income when receivable by the charity.

Income received from the government Coronavirus Job Retention Scheme (CJRS) has been recognised on a receivables basis.

### EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. All costs are allocated between expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs include central functions and have been allocated to activity cost categories on a basis

# The Institute of Economic Affairs

## ACCOUNTING POLICIES (continued)

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consistent with the use of resources e.g. by floor space. Staff costs have been allocated according to the time spent on each activity.

### FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

### RESEARCH EXPENDITURE

Research expenditure is written off in the financial statements as it is incurred.

### ENDOWMENT FUND

The Ralph Harris Fund is an expendable endowment fund whose use is restricted to financial support for the position of the Director General, including employment and support costs.

### UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. Designated funds are unrestricted funds which the Trustees have currently designated for specific purposes. General funds are unrestricted funds for which no specific purposes have been designated.

### RESTRICTED FUNDS

Restricted funds are those donated to the Institute for one or more specific purposes.

### OPERATING LEASES

All operating lease rentals are recognised in the Statement of Financial Activities on a straight line basis over the life of the lease.

### FINANCIAL INSTRUMENTS

The charity has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

#### **Financial assets:**

Basic financial assets, including investments held as fixed assets, and trade and other receivables, are initially recognised at transaction price.

Investments held as fixed assets comprise equities, open-ended funds, fixed interest securities and currency and are stated at year end market value (bid-price). Realised gains and losses on disposal and unrealised gains and losses due to the movement in market value of investments are recognised in the Statement of Financial Activities.

Other financial assets are assessed at the end of each reporting period for objective evidence of impairment due to reduction in the recoverable amount. Any impairment losses are recognised in the Statement of Financial Activities.

#### **Financial liabilities:**

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Any subsequent changes to amounts payable are recognised in the Statement of Financial Activities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and areas of judgement included within these accounts.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

### 1 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES (12 months)

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2019 £000
<b>INCOME FROM:</b>					
Donations	2	1,458	373	-	1,831
<b>Charitable Activities:</b>					
Publications and Subscriptions		93	-	-	93
Special events		75	-	-	75
Other trading activities		28	-	-	28
<b>Investments:</b>					
Dividends receivable		-	1	33	34
Interest receivable		-	1	3	4
<b>TOTAL</b>		<u>1,654</u>	<u>375</u>	<u>36</u>	<u>2,065</u>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds:</b>					
Fundraising and subscriber support		340	-	-	340
<b>Charitable activities:</b>					
<b>Academic programme:</b>					
Research and Publications		647	301	-	948
Student/Teacher outreach		379	135	-	514
Special Events		93	-	-	93
Communications		453	110	-	563
<b>TOTAL</b>	3	<u>1,912</u>	<u>546</u>	<u>-</u>	<u>2,458</u>
<b>Net Gains on Investments:</b>					
Realised gains on disposals		-	20	16	36
Unrealised (losses)/gains		-	(14)	211	197
<b>NET (EXPENDITURE)/INCOME</b>	4	<u>(258)</u>	<u>(165)</u>	<u>263</u>	<u>(160)</u>
Transfers between funds		200	-	(200)	-
<b>NET MOVEMENT IN FUNDS</b>		<u>(58)</u>	<u>(165)</u>	<u>63</u>	<u>(160)</u>
<b>RECONCILIATION OF FUNDS:</b>					
<b>TOTAL FUNDS BROUGHT FORWARD</b>	11,12 13,14	<u>820</u>	<u>285</u>	<u>2,031</u>	<u>3,136</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	11,12 13,14	<u>762</u>	<u>120</u>	<u>2,094</u>	<u>2,976</u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

2	DONATIONS	31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
	Foundations, corporate and individuals		
	Restricted	400	373
	Unrestricted	1,750	1,458
		<u>2,150</u>	<u>1,831</u>

3	ALLOCATION OF COSTS 2021 (15 months)	Direct costs £000	Support costs £000	2021 Total £000
	Fundraising and subscriber support	15	352	367
	Research and Publications	120	807	927
	Student/Teacher Outreach	48	332	380
	Special Events	-	83	83
	Communications	73	498	571
		<u>256</u>	<u>2,072</u>	<u>2,328</u>

### ALLOCATION OF SUPPORT COSTS 2021 (15 months)

Personnel costs	1,852
Office costs	143
Property costs	70
Travel costs	7
	<u>2,072</u>

Support costs have been allocated as follows:

	Support costs	Personnel costs
Fundraising and subscriber support	17%	17%
Publications	39%	39%
Student/Teacher Outreach	16%	16%
Special Events	4%	4%
Communications	24%	24%

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

3	<i>ALLOCATION OF COSTS 2019 (12 months)</i>	<i>Direct costs £000</i>	<i>Support costs £000</i>	<i>2019 Total £000</i>
	<i>Fundraising and subscriber support</i>	39	301	340
	<i>Research and Publications</i>	226	722	948
	<i>Student/Teacher Outreach</i>	163	351	514
	<i>Special Events</i>	21	72	93
	<i>Communications</i>	136	427	563
		<u>585</u>	<u>1,873</u>	<u>2,458</u>

### *ALLOCATION OF SUPPORT COSTS 2019 (12 months)*

<i>Personnel costs</i>	1,587
<i>Office costs</i>	196
<i>Property costs</i>	80
<i>Travel costs</i>	10
	<u>1,873</u>

*Support costs have been allocated as follows:*

	<i>Support costs</i>	<i>Personnel costs</i>
<i>Fundraising and subscriber support</i>	11%	17%
<i>Research and Publications</i>	36%	39%
<i>Student/Teacher Outreach</i>	34%	16%
<i>Special Events</i>	3%	4%
<i>Communications</i>	16%	24%

4	NET EXPENDITURE	31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
	Net expenditure for the period is stated after charging:		
	Depreciation – charge for period	23	19
	Auditor’s remuneration	19	15
	Legal fees	-	22
	Operating lease rentals – plant and machinery	16	11
		<u>          </u>	<u>          </u>

### 5 TAXATION

The Institute is not liable to corporation tax on its income and gains in the current period to the extent that they are applied for charitable purposes.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

6	EMPLOYEES	31 March 2021 (15 months) No.	31 December 2019 (12 months) No.
	The average monthly number of persons employed by the Institute during the period was:		
	Office and management	20	19
		20	19
		31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
	Staff costs for above persons:		
	Wages and salaries, including benefits	1,294	1,031
	Social security costs	143	104
	Other pension costs	90	41
		1,527	1,176
	The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the 15 month period was as follows:	31 March 2021 (15 months) No.	31 December 2019 (12 months) No.
	£60,001 - £70,000	3	2
	£70,001 - £80,000	-	1
	£90,001 - £100,000	3	-
	£120,001 - £130,000	-	-
	£180,001 - £190,000	-	1
	£190,001 - £200,000	1	-
		1	-

The employees earning over £60,000 participate in the company defined contribution pension scheme. Contributions paid in the period in respect of these employees amounted to £56,545 (2019: £19,400).

The key management personnel of the Institute comprise the Trustees, together with the Director General, the Managing Director, the Chief Operating Officer and the Academic & Research Director. The total employee benefits of these key management personnel were £586,460 (2019: £416,412), including pension and social security costs, and also consultancy fees paid to the Managing Director who provides his services on a consultancy basis.

No Trustees, or persons related or connected to them, received any remuneration or reimbursement of expenses from the Institute during the period, other than as detailed in note 17 below.

The Institute of Economic Affairs  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the 15 month period ended 31 March 2021

7 TANGIBLE FIXED ASSETS

	Freehold property £000	Office equipment £000	Total £000
Cost			
1 January 2020	965	3	968
Additions in period	-	6	6
31 March 2021	<u>965</u>	<u>9</u>	<u>974</u>
Depreciation			
1 January 2020	397	3	400
Charged for period	22	1	23
31 March 2021	<u>419</u>	<u>4</u>	<u>423</u>
Net book value			
31 March 2021	<u>546</u>	<u>5</u>	<u>551</u>
31 December 2019	<u>568</u>	<u>-</u>	<u>568</u>

8 FIXED ASSET INVESTMENTS

	Open-end funds £000	Cash held on deposit £000	Total £000
Market value at			
1 January 2020	1,525	502	2,027
Additions	77	300	377
Disposals	(500)	(50)	(550)
Unrealised gains	35	-	35
Market value at 31 March 2021	<u>1,137</u>	<u>752</u>	<u>1,889</u>
Historical cost at 31 March 2021	<u>986</u>	<u>752</u>	<u>1,738</u>
Historical cost at 31 December 2019	<u>1,396</u>	<u>502</u>	<u>1,898</u>

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

9	DEBTORS	31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
	Trade debtors	58	137
	Taxation recoverable	-	3
	Other debtors	-	4
	Prepayments and accrued income	50	164
		<u>108</u>	<u>308</u>

10	CREDITORS: Amounts falling due within one year	31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
	Trade creditors	18	113
	Taxation and social security	33	36
	Other creditors	23	6
	Accruals and deferred income	108	155
		<u>182</u>	<u>310</u>

Deferred income has arisen as a result of 2 year subscriptions paid in advance. Amounts are released to the Statement of Financial Activities within the period to which the subscription relates.

	31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
Deferred income at 1 January 2020	108	2
Released to Statement of Financial Activities in period	(108)	(2)
Deferred in period	1	108
Deferred income at 31 March 2021	<u>1</u>	<u>108</u>

### 11 EXPENDABLE ENDOWMENT FUND

	At 1 January 2020 £000	Investment Income £000	Transfers between funds £000	Investment Gains £000	At 31 March 2021 £000
Ralph Harris Fund	2,094	24	(241)	35	1,912
	<u>2,094</u>	<u>24</u>	<u>(241)</u>	<u>35</u>	<u>1,912</u>

The Ralph Harris Fund has been established as an expendable endowment fund to endow the position of Director General of the IEA as "Director General and Ralph Harris Fellow."

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

### 12 RESTRICTED FUNDS

	At 1 January 2020 £000	Income £000	Expenditure £000	At 31 March 2021 £000
Events and Publications	7	61	(68)	-
Richard Koch Breakthrough Prize	-	55	(15)	40
Roof Restoration Fund	-	34	-	34
Cultural Affairs Unit	-	55	-	55
Student Outreach and Opportunity	-	22	(16)	6
European Network	-	55	(50)	5
Think Tent	-	2	(2)	-
Vinson Centre at the University of Buckingham	-	116	(95)	21
M Fund	113	-	(33)	80
	<u>120</u>	<u>400</u>	<u>(279)</u>	<u>241</u>

Donations were received to support various events and publications.

The Richard Koch Breakthrough prize will be awarded in a competition concerning innovative Free-Market Breakthrough policies.

Donations were received in response to a fundraising appeal to cover the costs of essential roof repair work in the next financial year.

The IEA's Cultural Affairs Unit, examines and reports on cultural affairs.

The IEA's Student Outreach Programme aims to spread understanding of free markets and their benefits to students, and includes a Student Opportunity Fund to provide financial support to students who otherwise couldn't access IEA programmes.

Donations were received to support a network of public policy organisations from European countries.

Donations were received to establish a marquee, Think Tent, organised with two other think tanks, to be the central point for free market debate at the Conservative Party Conference. In 2020, this event was an online event.

The Vinson Centre at the University of Buckingham seeks to further the study of liberal economics in the UK.

The M Fund was set up to promote research into the reduction in the size of the public sector and to promote an interest in market economy policies on the part of teachers and senior pupils.

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

### 13 UNRESTRICTED FUNDS

	At 1 January 2020 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2021 £000
Designated Funds					
Fixed Asset Fund	568	-	-	(22)	546
Major Building Works Fund	-	-	-	170	170
Designated unrestricted funds	<u>568</u>	<u>-</u>	<u>-</u>	<u>148</u>	<u>716</u>
Unrestricted general funds	194	1,919	(2,049)	93	157
	<u>762</u>	<u>1,919</u>	<u>(2,049)</u>	<u>241</u>	<u>873</u>

The Fixed Asset Fund represents donations made to the Institute currently designated and used by the Trustees for the purpose of acquiring freehold and investment property. A transfer has been made between the Fixed Asset Fund and general funds in order to reflect the depreciation of the freehold property in the period.

Funds were designated during the period to undertake major building works which were originally planned to be undertaken in 2020 but delayed due to the Coronavirus Pandemic.

Unrestricted general funds represent free reserves after allowing for all designated funds.

### 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated Funds £000	General Funds £000	Restricted funds £000	Endowment fund £000	Total funds £000
Fund balances at 31 March 2021 are represented by:					
Tangible fixed assets	546	5	-	-	551
Investments	-	-	-	1,889	1,889
Current assets	170	334	241	23	768
Current liabilities	-	(182)	-	-	(182)
Total net assets	<u>716</u>	<u>157</u>	<u>241</u>	<u>1,912</u>	<u>3,026</u>

### 15 PENSION SCHEMES

The Institute operates a defined contribution scheme and contributions to the scheme are made to an independent insurance company.

The pension costs of the Institute's scheme amounted to £90,034 (2019: £40,536). There were £22,750 contributions outstanding at the end of the period (2019: £6,238).

# The Institute of Economic Affairs

## NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

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### 16 STATUS

The Institute is a company limited by guarantee and has no share capital. The Institute had 11 (2019: 10) members at the period end.

The Memorandum of Association provides that members are liable to contribute a sum not exceeding £1 each in the event of the company being wound up while they are members or within one year of ceasing to be members.

### 17 RELATED PARTY TRANSACTIONS

During the period £119,669 was incurred in employment costs (2019: £81,219) of the partner of the Director General, who is a full-time employee of the Institute. There was £6,828 outstanding at the period end (2019: nil) in respect of these transactions.

Donations from trustees in the period totalled £127,773 (2019: £108,880). Donations of £57,867 (2019: Nil) were received in the year from a company in which a Trustee is a director, and three Trustees are members. No amount was outstanding at the year end in respect of these transactions. No conditions were attached to any of these donations which would require the charity to alter significantly the nature of its existing activities.

### 18 COMMITMENT UNDER OPERATING LEASES

The total future minimum lease payments, at the reporting date, under non-cancellable operating leases are as follows:	31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
Amounts due:		
- within one year	11	11
- between one and five years	27	21
	<hr/>	<hr/>

### 19 FINANCIAL INSTRUMENTS

	31 March 2021 (15 months) £000	31 December 2019 (12 months) £000
Financial Assets, at fair value:		
Investments held as fixed assets	1,889	2,027
	<hr/>	<hr/>