

New Economics Foundation

Annual report and financial statements

30 June 2020

Charity registration number
1055254

Company limited by guarantee
Company registration number
3193399 (England & Wales)

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Reference and administrative information Year to 30 June 2020

Trustees	Lord Bob Kerslake, Chair <i>from 18 September 2019</i> Tess Gill, Chair <i>until 18 September 2019</i> Keren Jones, Deputy Chair Mike Tuffrey, Treasurer Ian Christie Ciaran Driver Anna Fielding (<i>formerly Anna Laycock</i>) Tim Jenkins Laurie Laybourn-Langton Mary Riddell Jeremy Till Fiona Weir Rebecca Willis Rebecca Woo
Secretary	Jonathan Bell, Director of Finance & Operations <i>Until 24 September 2020</i>
Chief Executive Officer	Miatta Fahnbulleh
Registered office and operational address	New Economics Foundation 10 Salamanca Place London, SE1 7HB
Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Banker	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE

It has been a tumultuous year.

The coronavirus pandemic has caused very many deaths, widespread ill-health and unimaginable hardship. It has exposed the fragilities in our economy that we have long argued need to be addressed with a fundamentally different approach. The pandemic has had a compounding effect on the inequality and insecurity experienced by different sections of our society in so many areas of life.

The Black Lives Matter movement has drawn to wider attention the persistent relationship in our society between inequality and ethnicity.

In the months leading up to the UK lockdown in March 2020, a snap general election in December 2019 was followed by the UK's exit from the European Union on 31 January 2020.

Whilst the pandemic has exposed inequalities and flaws in the economy, it has also shifted the mindset of policy-makers and government. It has created the conditions and public appetite for new economic ideas to gain traction.

As we – tentatively – emerge from the grip of the pandemic, there is an opportunity to respond to the economic fallout in a way that changes the trajectory of our economy and society.

It is within this context that the New Economics Foundation has created our *Build Back Better* programme. We are developing the policies to support people and businesses through the crisis and mobilising powerful alliances to advocate for these ideas and win support for a recovery to an economy that is fairer, just and more sustainable.

Thanks to careful stewardship over the past few years, the hard work of our staff and the support of many greatly valued trusts, foundations and individuals, we are in sound organisational and financial shape to focus on the work that needs to be done.

I take this opportunity again to express gratitude to the late Ronald Higgins, whose legacy has enabled us to respond quickly and creatively to the current crisis.

I also thank my predecessor as Chair, Tess Gill, for providing continuity on our Board in a year in which the world around us has changed so much.

We ended our reporting year, in June 2020, with over 350 leaders from business, trade unions, civil society and faith groups lending their voice to our call to *Build Back Better*. We move into the year ahead aiming to play a strong role in this movement, both by providing policy leadership, and by influencing policy-makers by building broad and diverse alliances to campaign for the change that is urgently needed.

Lord Bob Kerslake

Chair of the Trustees

Trustees' report (incorporating the strategic report) Year to 30 June 2020

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2020. The report, which constitutes a trustees' report for the purposes of charity law and a directors' report for the purposes of company law, has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 24 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Overview

NEF was set up in 1986 by the leaders of the first TOES (The Other Economic Summit) as an independent 'think-and-do' tank to promote a transition to a new economic system.

Our mission is to create an economy that works for people and the planet.

Objectives and activities

The objectives, as set out in the memorandum and articles of association, for which we were established, are:

- a) To advance education and undertake research for the benefit of the public (and to publish the useful results of such research), particularly in economics, citizenship, and environmental, social and political sciences; and
- b) To promote sustainable development for the benefit of the public by:
 - i. the preservation, conservation and the protection of the environment and the prudent use of resources
 - ii. the relief of poverty and improvement of the conditions of life in socially and economically disadvantaged communities
 - iii. pursuing such other related charitable purposes as the Trustees may determine.

By sustainable development, we mean "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

Public benefit

As trustees, we have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning our future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the wellbeing of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues.

Thanks

We are immensely grateful for the continued support of a wide range of trusts, foundations and individuals. We quickly received many messages of support as the coronavirus began to have a direct impact in March 2020. In particular, we want to express thanks to those trusts and foundations who have been long-term supporters of ours and to those who offered flexibility, advice, support and extra funding when the extent of the likely impact of the pandemic on the UK economy and society became clear.

We list, and thank, on our website everyone who donates more than £5,000 to us in any financial year. We take this opportunity too to say a special thank you to European Climate Foundation, Friends Provident Foundation, Joseph Rowntree Charitable Trust, KR Foundation, Nationwide Foundation, Oak Foundation, Partners for a New Economy and People's Health Trust.

Summary of activities & the impact of coronavirus control measures

The UK lockdown started in March 2020 and remained in place for the remainder of our financial year. We are thankful that the small number of our employees and trustees who became infected recovered well. We closed our office a week before the official lockdown, having asked staff earlier in the month to prepare for an extended period of working at home.

On the whole, we have continued to operate reasonably well as an organisation. Meetings, training and events were quickly switched to being delivered online. The delivery of some of our projects – especially those with a large community-based element – have been affected. Around one in ten of our employees have been unable to work at home owing to the challenges of childcare and home-schooling. Some therefore took the option of taking furlough leave for limited periods. The majority of our work has been able to continue more or less as planned. We are closely following the advice from government and for now we are planning to re-open our office to employees on an optional basis in the first quarter of 2021, chiefly to support the wellbeing of those for whom it is a preferred place to work.

The most significant impact of the coronavirus has been on the shape of our work. We have made use of some of our strategic reserves to develop our *Build Back Better* programme, which will form a significant part of our work over the next two years.

Strategy & impact

In light of the political environment and the impact of the coronavirus pandemic, there is greater urgency to effect change through the work we do. To enable this, we have revisited our theory of change to place a stronger emphasis on building alliances and running joint campaigns with others to secure change at both the national and local level.

Our central vision remains for a new economy that works for people and within environmental limits. The building blocks of this new economy are:

- a thriving and healthy environment at the core of the new system
- better and more equal living standards with the basics for a decent quality of life guaranteed
- greater common and co-operative ownership
- progressive business with social purpose
- a decentralised, active state and
- empowered and active communities.

Summary of activities and achievements in 2019/20 (continued)

Strategy & impact (continued)

We will seek to achieve these building blocks of a new economy by advancing three missions, set out in our publication *New Rules for the Economy*:

- **A new social settlement:** people are paid well, have more time off to spend with their families, have access to affordable housing & know that there is a decent safety net when we need it.
- **A green new deal:** huge investment to reduce carbon use, massively boost nature and create a new generation of jobs in the industries and infrastructure we need to tackle the climate crisis.
- **Democratic economy:** devolving state power to the places where people live and transforming ownership so we all have a stake in what we produce and where we work.

Our theory of change is to build alliances with organisations and groups that share our goals and we develop policy, practice and run joint campaigns to put pressure on decision-makers to win change.

In thinking about our planned impact, we have mapped out for ourselves ten major outcomes across our three missions that we have focused on achieving over the next five years. For each, we have identified three routes to change, under the headings of:

- Influencing the debate
- Building power
- Securing policy change

The projects and work we undertake contribute through these routes to change to achieve our intended outcomes within the three missions.

Work programmes

Our programme of work consists of projects supporting our three fundamental missions, working within our impact framework. Brief highlights of 2019/20 in securing change within each of these three missions are outlined below.

New social settlement

People are paid well, have more time off to spend with their families, have access to affordable housing & know that there is a decent safety net when they need it.

- We brought new analytical rigour to the arguments for a shorter working week by linking it to greater demand in the economy and improved productivity. *In Time for Demand*, a report published in September 2019, we argued that maintaining or boosting wages while rewarding workers with more leisure time will help boost demand; demand being the overlooked but important part of solving the productivity puzzle that has caused problems for the UK economy for the past decade. We propose establishing a Working Time Commission. This proposal was taken up by the Labour Party in its manifesto and our long-held commitment to shortening the working week was reflected in the Green Party's manifesto.

Summary of activities and achievements in 2019/20 (continued)

New social settlement (continued)

- We worked to expose the sale of public land to private housing developers and revealed that only 6% of homes built on land that had been sold off by government or public agencies were genuinely affordable and for social renters. The same work also revealed that government is way behind with its target of 160,000 homes built on public land by 2020. The profile of the campaign has resulted in both Homes England and MHCLG reaching out to us to discuss options for both monitoring the sale and development on public sector land as well as policy ideas for increasing social housebuilding on public land. Following this, we published a report setting out how a future government could build the social homes we need.
- Our housing team successfully worked with five renters unions at the forefront of a growing movement to develop a renters' manifesto that set out key demands for renters in the general election. This was a precursor to a renters' movement project that Tudor Trust has agreed to fund for five years to build the capacity and power of renters unions to achieve change.

Green new deal

Huge investment to reduce carbon use, massively boost nature and create a new generation of jobs in the industries and infrastructure we need to tackle the climate crisis.

- We continued to collaborate with Green New Deal UK and the Youth Strikers to support their campaigns in the run up the general election. In addition to this, we published an accessible pamphlet and animation making the case for a Green New Deal and explaining how it could be paid for to coincide with the Climate Leader's Debate.
- We also published *Trust in Transition* which set out our recommendations for delivering a just transition in place. We worked closely with the trade union movement in developing this and through this process have begun to shift some of the inherent concerns that trade unions have consistently expressed about the green transition agenda. Our recommendations in the report for developing local green new deals formed the starting point of the work we have delivered in a number of places. In Croydon we have been working on a Just Transition commission to develop a local Green New Deal. In Yorkshire and Humber we have begun a three-year project to work with local partners to develop and deliver a just transition plan for the area.
- We published a major report looking at the regional economic and carbon impacts of expanding Heathrow Airport. This showed that the rest of the country would be paying a substantial 'carbon subsidy' towards the extra flights that would use a new runway.

Democratic economy

Devolving state power to the places where people live and transforming ownership so we all have a stake in what we produce and where we work.

- We produced a landmark series on how local authorities are funded. The first part looked at the funding gap for local authorities. It concluded that across England and Wales local authorities will face a funding gap of £25.4 billion by the end of the next parliament. The worst affected region will be the north west of England.

Summary of activities and achievements in 2019/20 (continued)

Democratic economy (continued)

- The second part looked at the flaws in the system of business rates, and the retention scheme that redistributes business rates income across councils. We argued for a higher level of redistribution between councils, but with pooling at the regional rather than national level to help pave the way for more regional devolution.
- In part three we proposed a Land Value Tax to replace business rates. Our analysis concluded that swapping business rates for a land value tax not only brings the economic efficiency improvements of taxing wealth from simply owning an asset over productive investment, but also has the potential to raise revenue for councils and plug the local authority funding gap.
- This work attracted significant attention from political parties and local government alike. We were subsequently approached by Central London Forward (a sub-regional grouping of 12 central London boroughs) to do further work with them to promote and build support for local government finance reform.

Public profile

We are pleased with the continuing development in our public profile. Regular appearances in the media of our Chief Executive, Miatta Fahnbulleh, and a wide range of members of our research and programme teams are now the norm. We have established ourselves with an increasingly wide range of media outlets as an important and credible voice in the debate about the future of our economic system.

On the digital front, we launched our refreshed website in spring 2020, together with an improved brand for both NEF and our consulting practice. We have scaled up our use of our *Change the Rules* digital platform.

Plans for the future

Crucial to our success over the year ahead will be:

- Delivering our *Build Back Better* programme by providing policy leadership and influencing change amongst policy-makers.
- Building coalitions with others in – and beyond – the movement to secure change through joint campaigning.
- Continuing to scale up our use of our *Change the Rules* digital platform.
- Re-shaping our teams (particularly at director level) around our updated theory of change.

Financial review

Principal funding sources

Our funding sources are diverse. We receive grants and donations from trusts, foundations, local, regional and national government, NGOs, and individuals. We also work with a similarly broad range of clients through consultancy contracts.

Results & financial position

Despite the impact of the coronavirus pandemic – and the associated measures to control it – we have managed to avoid making use of our general fund reserves in the year to 30 June 2020. These increased slightly from £492,000 to £498,000. In general, we have proved resilient to the challenges imposed by the pandemic. We have managed to continue to deliver effectively the vast majority of our programmes and switched quickly and relatively smoothly to our teams working at home.

Early in 2019, we received a large legacy (£500,000) from the estate of the late Ronald Higgins, a long-term supporter of the charity. This sum was set aside as a strategic development fund and in spring 2020, the trustees authorised the deployment of some of this fund towards our *Build Back Better* programme to address the failings in our economy and society exposed so vividly by the pandemic. Expenditure of £52,000 from this fund has therefore reduced the balance to £448,000. Further expenditure from this fund is planned in 2020/21, again in support of our *Build Back Better* programme.

Income for the year 2019/20, at £3,325,000, decreased from £3,815,000 the previous year. If the £500,000 legacy received in 2018/19 is excluded then the underlying position is one of a broadly consistent level of overall income. The sources of income shifted slightly. We received slightly more from donations and our consulting activities and a little less from programme delivery funded by trusts and foundations.

Headcount remained the same (52 in 2018/19) while FTE increased to 48.6 (46.2 in 2018/19), as a result of modest changes to team members' working hours arising from the natural course of change and the needs of the organisation.

The 2019/20 financial year was a good year for NEF Consulting Limited in terms of trading. NEF Consulting Limited made an operating profit (excluding donations to the New Economics Foundation) of £80,435 (2018/19: £35,000 after contributing a royalty payment of £34,000 to the charity). A donation of £80,435 was therefore made to the New Economics Foundation under gift aid.

Financial review (continued)

Remuneration policy for key management personnel

The trustees consider that they, together with the Chief Executive Officer, the Director of Finance & Operations and the senior management team, constitute the key management personnel for reporting purposes. The senior management team is comprised of the directors of practice areas and the director of NEF's consulting practice. The remuneration of these individuals is overseen by the Remuneration Committee giving due regard to pay bands informed by external benchmarking, and formal appraisals.

The New Economics Foundation is committed to ensuring a balance between (1) paying its staff fairly to attract and retain good people and (2) careful management of overall funding. Pay bands have been in place for a number of years and are periodically reviewed. The organisation remains committed to ensuring internal parity.

The Trustee Board is actively involved in two key elements of remuneration policy:

1. Senior staff pay
2. Annual cost of living adjustment

The Remuneration Committee reviews each year any recommended changes to salaries for senior positions and makes recommendations to the Board, which reserves to itself decisions on the pay of senior staff. The Finance, Audit and Risk Committee, as part of the annual budget setting process, considers any annual cost of living increase for affordability, before it is referred to the wider Board for final approval. The Board delegates decisions on progression-related pay increases (excluding senior staff) to the Chief Executive Officer.

Reserves policy and going concern

Trustees fundamentally revised the charity's reserves policy in June 2019, having substantially rebuilt our general reserves and, in the course of the 2018/19 financial year, having received a large legacy. Trustees have revisited the reserves policy in 2020 in light of the economic environment, the charity's current situation and assessment of risks.

Trustees have considered the amounts that the New Economics Foundation needs to hold in reserve to ensure financial sustainability in an era of income volatility within the sector. In developing this policy, the Trustees have considered:

- The reasons why the charity needs reserves;
- The level of reserves the Trustees believe the charity needs;
- How the charity is going to establish the level of reserves required; and
- How the Trustees monitor and review the policy and the actual reserves.

The charity needs reserves in order to protect continuity of operations during the peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new ones start. In addition to such operational reserves, a fund of accumulated reserves allows the charity the potential to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects.

Financial review (continued)

Reserves policy and going concern (continued)

The reserves policy is set within the context of the fact that the New Economics Foundation owns its own office space, which has a net book value of £2.20m (asset less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option, if required, to dispose of this asset and move to rented accommodation. The trustees consider that this asset, though illiquid, underpins the long-term financial health of the charity. Trustees acknowledge that owing to the impact of the pandemic on the London commercial property market there is uncertainty around the likely ability of the charity to dispose of the asset readily, and therefore we put more emphasis on maintaining appropriate operational funds and cash balances (see below).

The Trustees have concluded that, alongside the designated fund relating to the office space, there are two other reserves to be considered, one being a general fund, the other being a second designated fund:

1. Operational funds (a general fund). In order to ensure that the charity can accommodate variations in funding cycles, it is the policy of the Trustees to maintain general funds equivalent to three months' worth of future operational costs, net of reliable and recurring income, at any time. At 30 June 2020, this target amounts to £547,000. General reserves at 30 June 2020 actually amounted to £498,000 (2019: £492,000).
2. Strategic development funds (a second designated fund). The trustees believe the charity should maintain a designated fund to provide the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. Thanks to the receipt of a large legacy in 2018/19, this reserve amounts to £448,000 (2019: £500,000). Trustees expect to expend these funds over the next one to three years.

The trustees set an objective that the charity should – in ordinary circumstances – generate a general, underlying surplus equivalent to around three per cent of annual income. This provides funds either to respond to changes in the amount required to be held as operational reserves or for designation for strategic development in future years.

Alongside the reserves policy, it is the policy of the trustees to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and the trustees review this regularly. Three month's group operational costs equate to £740,000; group cash at bank at the year-end was £2,149,000 (2019: £1,295,000). The trustees have agreed on a policy of saving the cash reserves in a high interest paying ethical saving account available in the market. Currently, £500,000 is saved in a CAF Shawbrook bank saving account paying interest of 0.90%.

The trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material uncertainties looking forward for at least one year from the date of signature of these financial statements. The Trustees have considered the future strategic plans of the charity and have reviewed the level of funding secured, detailed cash flow projections, and the underlying trading position of NEF Consulting. The trustees have also considered potential downside scenarios that might reasonably arise in relation to the coronavirus pandemic. They are satisfied that the New Economics Foundation remains a going concern.

Financial review (continued)

Principal risks and uncertainties

The Trustees actively review both the strategic and operational risks that the New Economics Foundation faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate significant risks, including those presented by the coronavirus pandemic and measures taken by public authorities to control it.

The pandemic has heightened our assessment of the likelihood and potential impact of principal risks and introduced a new risk, which is the impact on the wellbeing of our employees caused by an extended period of home-working. This is particularly the case for those employees who have had to manage caring responsibilities and home-schooling, and those who are living in shared accommodation or otherwise have a sub-optimal working environment at home.

Although the New Economics Foundation continues to have good success rates in securing project funding, this is within the context of an ever-challenging funding environment, made more unpredictable by the pandemic. Volatility in financial markets might still have impacts on the funding approaches of trusts and foundations. The New Economics Foundation is aware that careful management is required to mitigate against this, which includes regular communication with funders, the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures.

Risks to the New Economics Foundation's reputation are mitigated by ensuring that senior staff monitor all projects, working closely on appropriate dissemination strategies, and ensuring that quality and rigour is regularly monitored in terms of output and impact.

The Finance, Audit & Risk Committee of the Board of Trustees regularly reviews NEF's risk register and undertakes a detailed review of a particular area of the register at each of its meetings, which are reported to and discussed by the Board of Trustees. The Committee's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk.

During the 2019/20 financial year, NEF created a coronavirus-specific risk register to record and manage the particular risks associated with the pandemic and the measures taken by public authorities to control it. This risk register is also reviewed regularly by the Finance, Audit & Risk Committee and by the Board of Trustees.

Structure governance and management

NEF is constituted through articles of association and registered as a limited company. Trustees reviewed and updated the articles of association in the reporting period. Recruitment of new trustees is informed by a trustee skills audit, which is periodically undertaken. The induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees.

The Board of Trustees usually meets four or five times a year and focuses on its three roles of strategy, performance and assurance. Owing to the heightened risks posed to the organisation by the coronavirus pandemic, the Board and its Committees held a number of additional meetings from April 2020 onwards. The trustees delegate the day-to-day running of the charity to the Chief Executive, and the management team.

The Chief Executive, who reports to the Board of Trustees, carries out the overall management of the Charity. The Chief Executive is particularly responsible for managing the programme portfolio and acts as the figurehead of the organisation. The Director of Finance & Operations (who is also Company Secretary of the charity) runs the administration of the organisation and also reports to the Trustees.

Decisions are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff. The major risks to which the organisation is exposed are consistently reviewed at the request of the Board and where necessary amended, and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks. The Director of Finance & Operations is charged with keeping the risk register continually updated.

The Board has a small number of committees. The Finance, Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. A Remuneration Committee meets to consider any recommended changes to the pay of senior staff. A Board & Officers' Committee (previously the General Purposes Committee), meets at least four times a year and focuses particularly on overseeing NEF's impact, business planning and staffing issues. It also has the power to act on all day-to-day matters not within the province of any other committee of the Board of Trustees. It has executive powers to deal with matters of importance which would normally be referred to the Board of Trustees, but which require decisions as a matter of urgency, and any such decisions are reported to the next meeting of the Board. A Governance Working Group focusses on trustee recruitment and developing and improving the governance of the charity.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Charity Governance Code

In September 2019, Trustees agreed to make use of the Charity Governance Code to develop and improve governance. The Governance Working Group has reviewed where NEF stands in relation to the code and identified priorities for improvement and development. During the year, the group has focussed particularly on inclusion and diversity at board level and establishing a framework for considering NEF's impact.

Trustees' report (incorporating the strategic report) Year to 30 June 2020

Structure governance and management (continued)

Trustees

The trustees, who are the directors of the company for the purposes of company law, who served during the year and up to the date of this report were:

Trustees		From / until
Tess Gill, <i>Chair until 18 September 2019</i>	B & R	
Lord Bob Kerslake, <i>Chair from 18 September 2019</i>	B & R	From 16 August 2019
Keren Jones, <i>Deputy Chair</i>	B, F & G	
Mike Tuffrey, <i>Treasurer</i>	F & B	
Ian Christie	F	
Ciaran Driver	G	
Margaret Gardner	F	Until 4 October 2019
Tim Jenkins		
Anna Fielding (formerly Anna Laycock)	F	
Laurie Laybourn-Langton		From 1 October 2019
Mary Riddell	R	
Jeremy Till	F	
Fiona Weir	G	
Rebecca Willis	G	
Rebecca Woo	G	

B Member of the Board & Officers' Committee (previously the General Purposes Committee)

F Member of the Finance, Audit & Risk Committee

G Member of the Governance Working Group

R Member of the Remuneration Committee

NEF Consulting Limited

NEF Consulting Limited is a wholly-owned trading subsidiary of the charity. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Its results are consolidated within the group financial statements (see note 12 for further details).

Fundraising

We aim to achieve best practice in the way in which we communicate with donors and other supporters. We take care with both the tone of our communications and the accuracy of our data to minimise the pressures on supporters. We are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice. We apply best practice to protect supporters' data and never sell data, we never swap data, and ensure that supporters' and donors' communication preferences can be changed at any time.

We manage our own fundraising activities and do not employ the services of professional fundraisers. We undertake to react to and investigate any complaints regarding our fundraising activities and to learn from them and improve our service. During the year ended 30 June 2020, we received no complaints about our fundraising activities.

Coronavirus measures have not so far had any discernably negative impact on our ability to fundraise.

Structure governance and management (continued)

Statement of trustees' responsibilities

The trustees (who are also directors of New Economics Foundation for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 and the group will continue in operation.

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

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 16 December 2020 and signed on its behalf by:



Lord Bob Kerslake
Chair of Trustees

Independent auditor's report to the members of New Economics Foundation

Opinion

We have audited the financial statements of New Economics Foundation (the 'charitable company') for the year ended 30 June 2020 which comprise the consolidated statement of financial activities, the group and parent balance sheet, the consolidated statement of cash flows and notes to the financial statements, 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 group and parent charitable company's affairs as at 30 June 2020 and of 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 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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 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.

Opinions 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 the knowledge and understanding of the group and parent 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
- the financial statements are not in agreement with the accounting records; 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 group and parent 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 group or parent 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 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.

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

Use of this 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.



Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

7 January 2021

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 30 June 2020
(incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	2020 Total funds £	Unrestricted funds £	Restricted funds £	2019 Total funds £
Income from							
Donations and legacies	1	154,677	—	154,677	589,609	—	589,609
Charitable activities							
Programmes	2	586,643	1,643,467	2,230,110	573,164	1,731,808	2,304,972
Other trading activities	3	929,208	—	929,208	915,292	—	915,292
Investments	4	11,370	—	11,370	5,315	—	5,315
Total income		1,681,898	1,643,467	3,325,365	2,083,380	1,731,808	3,815,188
Expenditure on							
Raising funds	5						
Costs of generating donations		69,561	—	69,561	57,060	—	57,060
Costs of trading activities		843,781	—	843,781	830,589	—	830,589
Charitable activities							
Programmes		788,273	1,644,025	2,432,298	582,816	1,732,536	2,315,352
Total expenditure		1,701,615	1,644,025	3,345,640	1,470,465	1,732,536	3,203,001
Net (expenditure) income for the year before transfers between funds							
	6	(19,717)	(558)	(20,275)	612,915	(728)	612,187
Transfers between funds	19	(558)	558	—	(728)	728	—
Net (expenditure) income and net movement in funds							
		(20,275)	—	(20,275)	612,187	—	612,187
Reconciliation in funds							
Fund balances brought forward at 1 July		3,164,127	—	3,164,127	2,551,940	—	2,551,940
Fund balances carried forward at 30 June	18	3,143,852	—	3,143,852	3,164,127	—	3,164,127

All the above results are derived from continuing activities.

The total income of the parent charity amounted to £3,325,365 (2018/19: £3,815,188) and total expenditure was £3,345,640 (2018/19 £3,203,001), resulting in the net expenditure for the year of £20,275 (2018/19: net income of £612,187).

Balance sheets As at 30 June 2020

	Notes	Group		Charity	
		2020 £	2019 £	2020 £	2019 £
Fixed assets					
Tangible fixed assets	11	3,271,178	3,310,541	3,271,178	3,310,541
Investments	12	—	—	1	1
		3,271,178	3,310,541	3,271,179	3,310,542
Current assets					
Debtors	14	292,642	678,658	286,855	595,555
Cash at bank and in hand		2,149,169	1,295,347	2,065,399	1,233,037
		2,441,811	1,974,005	2,352,254	1,828,592
Liabilities					
Creditors: amounts falling due within one year	15	(1,631,201)	(1,127,808)	(1,541,645)	(982,396)
Net current assets		810,610	846,197	810,609	846,196
Creditors: amounts falling due after one year	17	(937,936)	(992,611)	(937,936)	(992,611)
Total net assets		3,143,582	3,164,127	3,143,852	3,164,127
The funds of the charity:					
Funds and reserves	19				
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,197,366	2,171,955	2,197,366	2,171,955
- Strategic development fund		448,395	500,000	448,395	500,000
General funds		498,091	492,172	498,091	492,172
Non-charitable trading funds		—	—	—	—
Total unrestricted funds		3,143,852	3,164,127	3,143,852	3,164,127
Total funds	19	3,143,852	3,164,127	3,143,852	3,164,127

Approved by the Board of Trustees on 16 December 2020 and signed on its behalf by



Lord Bob Kerslake
Chair of Trustees

Consolidated statement of cash flows Year to 30 June 2020

	Note	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	939,683	841,778
Cash flows from investing activities:			
Purchase of property, plant and equipment		(12,800)	(4,216)
Investment income received		11,370	5,315
Interest payable		(32,437)	(34,535)
Net cash used in investing activities		(33,867)	(33,436)
Cash flows from financing activities:			
Repayments of borrowing		(51,994)	(49,997)
Net cash used in financing activities		(51,994)	(49,997)
Change in cash and cash equivalents in the reporting period		853,822	758,345
Cash and cash equivalents at the beginning of the year	B	1,295,347	537,002
Cash and cash equivalents at the end of the reporting period	B	2,149,169	1,295,347

Notes to the cash flow statement for the year to 30 June:

A Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net income for the reporting period (as per the statement of financial activities)	(20,275)	612,187
Depreciation charges	52,163	54,595
Investment income receivable	(11,370)	(5,315)
Interest payable	32,437	34,535
Decrease in debtors	386,016	6,654
Increase in creditors	500,712	139,122
Net cash provided by operating activities	939,683	841,778

B Analysis of cash and cash equivalent

	2020 £	2019 £
Total cash and cash equivalents: Cash at bank and in hand	2,149,169	1,295,347

Analysis of movements in net cash (debt)

	At 1 July 2019 £	Cash flows £	Non-cash changes £	At 30 June 2020 £
Cash and Cash Equivalents	1,295,347	853,822	—	2,149,169
Borrowings				
Debt due within one year	(51,625)	51,625	(54,306)	(54,306)
Debt due after one year	(992,611)	—	54,675	(937,936)
	(1,044,236)	51,625	369	(992,242)
Total	251,111	905,447	369	1,156,927

Principal accounting policies Year to 30 June 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. These financial statements are presented in sterling and rounded to the nearest pound.

Basis of preparation

These financial statements have been prepared for the year to 30 June 2020 with comparative information presented for the year ended 30 June 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ allocating expenditure between funds based on an estimate of staff time.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. They have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. In making this assessment the trustees have paid particular attention to the impact that the Covid-19 pandemic has had and may have on the group and charity. The most significant areas of judgement that affect items in the financial statements are detailed above.

Principal accounting policies Year to 30 June 2020

Basis of consolidation

The consolidated statement of financial activities, consolidated statement of cash flows and group balance sheet consolidate each reporting line of the financial statements of New Economics Foundation and its subsidiary company, NEF Consulting Limited, made up at the balance sheet date. A separate statement of financial activities, or income and expenditure account, has not been presented for the charity because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income is deferred where it relates to specific future periods either via explicit or implicit time conditions within the grant agreement.

Income earned under a contract for services is recognised in the financial statements as entitlement is earned through completion of the contract. Deferred income from the sales of goods is recognised once the good has been delivered. Income from the sales of goods and services is the amount derived from ordinary activities (net of VAT).

Income received by way of subscriptions and donations are included in full in the statement of financial activities when receivable.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

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

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group or charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs and support costs. Direct costs are allocated to a specific activity. The classification between activities is as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the charity and the operating costs of NEF Consulting Limited.

Principal accounting policies Year to 30 June 2020

Expenditure recognition (continued)

- b) Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Expenditure on charitable activities includes both direct costs and indirect support costs.

All expenditure is inclusive of irrecoverable VAT.

Allocation of support costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Expenditure is allocated to activities based on an estimate of staff time spent on each activity.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- | | |
|---------------------------------|------------|
| ◆ Freehold buildings | - 50 years |
| ◆ Fixtures and fittings | - 10 years |
| ◆ Computer software & equipment | - 4 years |

Assets are depreciated from when they are brought into use.

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Investments in subsidiaries

Investments in subsidiaries are included at cost less any impairment.

Principal accounting policies Year to 30 June 2020

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash and cash equivalents

Cash and cash equivalents represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 7. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Designated funds

These are funds set aside by the trustees out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

1 Income from donations and legacies

	Unrestricted funds	
	2020 Total £	2019 Total £
Gifts in kind	21,167	12,817
Unrestricted grants	18,633	—
Regular giving and individual donations	114,877	76,792
Legacies	—	500,000
	154,677	589,609

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Unrestricted funds £	Restricted funds £	2020 Total £
Grants receivable			
Economy Policy	137,398	440,749	578,147
Environment & Green Transition	134,150	378,820	512,970
Land & Housing	17,386	263,510	280,896
Organising & Movement Building	70,000	83,733	153,733
Social Policy	163,521	406,767	570,288
Work & Pay	64,188	69,888	134,076
2020 Total	586,643	1,643,467	2,230,110

Our organising and movement building programme works across our other thematic policy areas and represents capacity at NEF to support communities and movements to take action for change on their key issues and NEF's agenda.

	Unrestricted funds £	Restricted funds £	2019 Total £
Grants receivable			
Economy Policy	166,709	208,543	375,252
Environment & Green Transition	176,116	418,676	594,792
Land & Housing	22,468	251,717	274,185
Organising & Movement Building	20,000	225,873	245,873
Social Policy	106,866	582,614	689,480
Work & Pay	81,005	44,385	125,390
2019 Total	573,164	1,731,808	2,304,972

3 Income from other trading activities

	Unrestricted funds	
	2020 Total £	2019 Total £
Consulting	712,788	709,072
Books and publications	6,238	4,969
Events income	7,500	7,500
Licensee income	202,682	193,751
	929,208	915,292

4 Income from investments

	Unrestricted funds	
	2020 Total £	2019 Total £
Interest earned	11,370	5,315

5 Total expenditure

	Direct costs			2020 Total £
	Staff costs (note 7) £	Other costs £	Support costs £	
Costs of raising funds				
- Strategic fundraising	39,930	15,843	13,788	69,561
- NEF Consulting	439,244	73,630	330,907	843,781
Costs of charitable activities				
- Programmes	1,115,405	520,649	796,244	2,432,298
2020 Total funds	1,594,579	610,122	1,140,939	3,345,640

	Direct costs			2019 Total £
	Staff costs (note 7) £	Other costs £	Support costs £	
Costs of raising funds				
- Strategic fundraising	29,857	15,327	12,776	57,060
- NEF Consulting	408,400	118,750	303,439	830,589
Costs of charitable activities				
- Programmes	1,019,672	570,620	725,060	2,315,352
2019 Total funds	1,457,929	704,697	1,041,275	3,203,001

Notes to the financial statements Year to 30 June 2020

5 Total expenditure (continued)

	2020	2019
	Total	Total
	£	£
Support costs		
Staff costs (note 7)	735,446	664,620
Communications	48,467	43,768
Depreciation	52,163	54,594
Legal and professional	16,314	18,429
Premises	95,336	93,198
Human resources	18,478	6,960
Office running costs	76,405	86,154
Information technology	70,670	48,737
Irrecoverable VAT	27,660	24,815
	1,140,939	1,041,275

6 Net income (expenditure) for the year

This is stated after charging:

	2020	2019
	£	£
Depreciation	52,163	54,595
Interest payable	32,437	34,535
Operating lease rentals	15,004	21,274
Auditor's remuneration		
- Statutory audit	10,800	11,700
Foreign exchange gains or losses	(473)	38

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2020	2019
	£	£
Salaries and wages	2,028,661	1,859,586
Social security costs	217,351	193,938
Pension costs	84,013	68,125
	2,330,025	2,121,649

7 Staff costs and trustees' remuneration (continued)

The following number of employees whose total remuneration, on an annual equivalent basis, was in excess of £60,000 during the year were as follows:

	2020 No.	2019 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £454,005 (2019: £474,017). The decrease in costs was due to a reduction in the size of the senior management team, (beginning in May 2020 and continuing beyond the end of the financial year) and reductions in the working hours of members of staff. Overall staff costs have increased with the increased capacity at junior staff level.

No trustees received emoluments during the year for services provided to the charity (2019: £nil).

Total expenses of £166 were reimbursed to Trustees during the year (2019: £128).

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	Headcount		FTE	
	2020 £	2019 £	2020 £	2019 £
Strategic fundraising	1	1	1.0	0.4
NEF Consulting	9	10	9.6	9.5
Programmes	27	27	23.1	22.7
Support (including Communications)	14	13	13.9	12.6
Governance	1	1	1.0	1.0
	52	52	48.6	46.2

9 Related party transactions

Donations totalling £240 were made to the charity by trustees during the year (2019: £5,020). These donations contributed to core costs and ongoing projects. A donation of £3,120 was made to NEF during the year by the Economic Change Unit. One of our trustees, Laurie Laybourn-Langton, is also a director of the Unit.

As part of our parent-led childcare project, Peabody entered into a lease with NEF (from 18 February 2019) giving NEF use of a nursery building at below-market rent. This ongoing relationship became a related party transaction on 16 August 2019 when Lord Bob Kerslake (Chair of Peabody) was appointed as a trustee - and subsequently Chair - of NEF. The lease was transferred from NEF to a separate charity on 25 June 2020. Lord Kerslake was informed of the relationship but did not participate in decision-making relating to it. Peabody additionally provided training and support to the project. The total value of these gifts in kind for the financial year is estimated to be £21,167 (2019 - £12,816).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary NEF Consulting Limited transfers available profits to the parent charity by way of gift aid. Accordingly, no provision for current or deferred tax is required.

11 Tangible fixed assets

Group and charity	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2019	3,329,171	115,839	112,630	3,557,640
Additions in the year	—	—	12,800	12,800
At 30 June 2020	3,329,171	115,839	125,430	3,570,440
Depreciation				
At 1 July 2019	112,980	49,232	84,887	247,099
Charge for the year	26,583	11,584	13,996	52,163
At 30 June 2020	139,563	60,816	98,883	299,262
Net book values				
At 30 June 2020	3,189,608	55,023	26,547	3,271,178
At 30 June 2019	3,216,191	66,607	27,743	3,310,541

Freehold land and buildings includes land with a value of £2,000,000 which is not depreciated.

12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Investment in wholly owned trading subsidiary	—	—	1	1

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NEF Consulting Limited, a company registered in England. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2020 Total £	2019 Total £
Turnover	886,707	788,780
Cost of sales	(308,224)	(324,234)
Gross Profit	578,483	464,546
Operating expenses	(498,048)	(430,506)
Interest receivable	—	413
Profit for the financial year	80,435	34,453
Accumulated deficit at 30 June 2019	—	(3,918)
Donation to parent undertaking under gift aid	(80,435)	(30,535)
Retained earnings (accumulated surplus) at 30 June 2020	—	—

14 Debtors

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	85,299	523,253	79,501	378,527
Amounts due from subsidiary	—	—	80,435	30,535
Prepayments	52,143	49,584	52,143	55,204
Accrued income	150,867	107,307	70,443	123,566
Other debtors	4,333	5,168	4,333	7,723
	292,642	685,312	286,855	595,555

15 Creditors: amounts falling due within one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Bank loans (note 17)	54,306	51,625	54,306	51,625
Trade creditors	178,729	152,772	177,114	139,517
Taxation and social security	28,744	110,723	14,207	83,945
Other creditors	5,966	598	5,966	598
Accruals	106,706	175,266	98,319	159,602
Deferred income (note 16)	1,256,750	636,824	1,191,733	547,109
	1,631,201	1,127,808	1,541,645	982,396

16 Deferred income

All restricted grants for the delivery of projects have been treated as performance related grants. Income relating to these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been treated as deferred income for recognition in future accounting periods.

Movements in deferred income were as follows:

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Deferred income brought forward	636,824	613,268	547,109	562,881
Amount released to income in the year	(2,032,057)	(2,098,682)	(1,842,994)	(1,781,614)
Amount deferred in the year	2,651,983	2,122,238	2,487,618	1,765,842
Balance at the end of the year	1,256,750	636,824	1,191,733	547,109

17 Creditors: amounts falling due after one year

	Group and charity	
	2020 £	2019 £
Bank loans	937,936	992,611

Bank loans are repayable as follows:

	Group and charity	
	2020 £	2019 £
Bank loans		
. Payable within one year (note 15)	54,306	51,625
. Payable one to five years	234,254	224,104
. Payable more than five years	703,682	768,507
	992,242	1,044,236

The charity has a loan from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

18 Analysis of group net assets between funds

As at 30 June 2020	General unrestricted £	Designated funds £	Total funds £
Tangible fixed assets	81,570	3,189,608	3,271,178
Net current assets	416,521	394,089	810,610
Long term liabilities	—	(937,936)	(937,936)
Net assets at the end of the year	498,091	2,645,761	3,143,852

As at 30 June 2020	General unrestricted £	Designated funds £	Total funds £
Tangible fixed assets	94,350	3,216,191	3,310,541
Net current assets	397,822	448,375	846,197
Long term liabilities	—	(992,611)	(992,611)
Net assets at the end of the year	492,172	2,671,955	3,164,127

19 Movements in funds

	1 July 2019 £	Income £	Expenditure £	Transfers £	At 30 June 2020 £
Unrestricted funds					
<i>Designated funds</i>					
Property fund	2,171,955	—	—	25,411	2,197,366
Strategic development fund	500,000	—	(51,605)	—	448,395
General funds	492,172	846,796	(814,908)	(25,969)	498,091
Non-charitable trading	—	835,102	(835,102)	—	—
Total unrestricted funds	3,164,127	1,681,898	(1,701,615)	(558)	3,143,852
Restricted funds (analysis below)	—	1,643,467	(1,644,025)	558	—
Total restricted funds	—	1,643,467	(1,644,025)	558	—
Total funds	3,164,127	3,325,365	(3,345,640)	—	3,143,852

	1 July 2018 £	Income £	Expenditure £	Transfers £	At 30 June 2019 £
Unrestricted funds					
<i>Designated funds</i>					
Property fund	2,148,542	—	—	23,413	2,171,955
Strategic development fund	—	500,000	—	—	500,000
General funds	407,316	794,187	(685,190)	(24,141)	492,172
Non-charitable trading	(3,918)	789,193	(785,275)	—	—
Total unrestricted funds	2,551,940	2,083,380	(1,470,465)	(728)	3,164,127
Restricted funds (analysis below)	—	1,731,808	(1,732,536)	728	—
Total restricted funds	—	1,731,808	(1,732,536)	728	—
Total funds	2,551,940	3,815,188	(3,203,001)	—	3,164,127

19 Movements in funds (continued)

Purposes of designated funds

Designated funds relate to either: (a) the net book value of the freehold land and building less the loan on 10 Salamanca Place as these funds do not represent liquid reserves available for charitable purposes by NEF or (b) funds set aside for strategic development.

Strategic development funds provide the charity with the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. Thanks to the receipt of a large legacy in 2018/19, this reserve amounts to £448,000. The trustees authorised the expenditure of £52,000 of strategic development funds during the year on our *Build Back Better* programme. The trustees expect to expend the remaining funds over the next one to three years.

Purpose of restricted funds

The restricted funds are balances of grants given to NEF to carry out specific projects. Please see our website (www.neweconomics.org) for more information about our work.

Transfers have been made from unrestricted reserves to subsidise restricted funds in deficit at the year end where no further match funding or donor contributions are expected.

Non-charitable trading

This fund represents, in previous years, the accumulated losses of NEF's wholly owned trading subsidiary NEF Consulting Limited.

19 Movements in funds (continued)

Movements on restricted funds for the year were in relation to the following funders:

	1 July 2019 £	Income £	Expenditure £	Transfers £	30 June 2020 £
Restricted funds					
Adessium Foundation	—	31,385	(31,385)	—	—
The AIM Foundation	—	9,750	(9,750)	—	—
The A Team Foundation	—	39,492	(39,492)	—	—
Barrow Cadbury Trust	—	35,443	(35,723)	280	—
Calouste Gulbenkian Foundation UK Branch	—	49,419	(49,419)	—	—
Campaign for the Protection of Rural England	—	12,400	(12,400)	—	—
ClimateWorks Foundation	—	2,000	(2,000)	—	—
Common Wealth	—	16,900	(16,900)	—	—
Democracy Collaborative Foundation, Inc	—	20,000	(20,000)	—	—
The Dunhill Medical Trust	—	6,513	(6,513)	—	—
Economic and Social Research Council	—	13,184	(13,184)	—	—
Esmée Fairbairn Foundation	—	61,164	(61,164)	—	—
European Climate Foundation	—	141,640	(141,879)	239	—
The Greater London Authority	—	63,289	(63,289)	—	—
International Trade Union Confederation	—	13,482	(13,482)	—	—
John Ellerman Foundation	—	29,912	(29,912)	—	—
The Joseph Rowntree Charitable Trust	—	44,509	(44,509)	—	—
KR Foundation	—	24,159	(24,159)	—	—
National Lottery Community Fund	—	11,990	(11,990)	—	—
The Nationwide Foundation	—	86,273	(86,273)	—	—
Network for Social Change	—	8,733	(8,733)	—	—
Oak Foundation	—	81,155	(81,155)	—	—
Partners for a New Economy	—	213,906	(213,906)	—	—
Paul Hamlyn Foundation	—	42,652	(42,652)	—	—
People's Health Trust	—	181,254	(181,254)	—	—
The Persula Foundation	—	60,000	(60,000)	—	—
The PEW Charitable Trust	—	89,213	(89,252)	39	—
Possible	—	17,600	(17,600)	—	—
The Samworth Foundation	—	48,374	(48,374)	—	—
Smallwood Trust	—	63,154	(63,154)	—	—
Trust for London	—	78,558	(78,558)	—	—
The Tudor Trust	—	45,964	(45,964)	—	—
Total restricted funds	—	1,643,467	(1,644,025)	558	—

20 Operating lease commitments

The group and charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Equipment	
	2020 £	2019 £
Within one year	9,832	21,274
Between two to five years	36,870	23,402
	46,702	44,676

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.