

New Economics Foundation

Annual report and financial statements

30 June 2022

Charity registration number
1055254

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

Contents

Reports

Reference and administrative information	1
Chair's statement	2
Trustees' report	4
Independent auditor's report	17

Financial statements

Consolidated statement of financial activities	22
Balance sheets	23
Consolidated statement of cash flows	24
Principal accounting policies	25
Notes to the financial statements	29

Reference and administrative information Year ended 30 June 2022

Trustees	Lord Bob Kerslake, Chair Keren Jones, Deputy Chair Tariq Kazi, Treasurer Alison Cowan, Ciaran Driver Martin Koehring, Tim Jenkins Sotez Chowdhury Deniz Ugur Jouja Maamri Joshua Simons Laurie Laybourn-Langton Mary Riddell Richard Bryars Rebecca Willis
Secretary	Vicki Wright
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 another year of turmoil. Once again our economic system has proved to be unable to cope with shocks, with those least able to afford it, both at home and abroad, paying the price of its lack of resilience and impact on our climate.

As with Covid before him, Vladimir Putin's horrific invasion of Ukraine has exposed the inadequacies and instability of an economy suffering from decades of wealth accumulation by the richest and the hollowing out of public services and social security by austerity. The cost of living crisis has spiralled out of control, demanding government economic intervention on a scale even greater than during the pandemic to cap energy bills at unaffordable highs. Inflation is rising faster than wages that have already been stagnating for 15 years. A decade that should have been spent transitioning from fossil fuels by investing in renewables and energy efficiency has been wasted, leaving us exposed to the international market and Putin's aggression – on top of accelerating climate change.

NEF is perfectly positioned to respond to this confluence of social, environment and economic problems, and has done so to great effect this year. From the Chancellor adopting our Universal Credit taper rate proposal that enabled millions of low paid people to keep more of their income to the cut in VAT on retrofit measures, our policy ideas have translated into real impact in the here and now while laying the ground work for bigger change in the future.

Through alliance building, community organising and campaign actions we have built power around ideas that can transform our society. Our Homes For Us campaign is empowering people at the sharp end of the crisis to come together in a national grassroots campaign for three million new social homes. Our Great Homes Upgrade is putting long-term energy reduction measures at the heart of progressive demands for action on fuel bills.

We have also been successful in shaping the debate. Not only has NEF been a mainstay of the press, our spokespeople made a record number of broadcast appearances, including many on flagship and agenda-setting shows, including Question Time, Radio 4 Today, Good Morning Britain, Channel 4 News and numerous news and politics appearances. We have been putting in a great effort behind the scenes to shift the terms of the discourse, notably briefing BBC journalists and producers ahead of the budget to break the grasp of the 'nation's credit card' fallacy for describing the public finances.

We are excited to be developing a regional action plan approach to transforming local economies that seeks long-term systemic change including both a rebalancing of power and more equitable distribution of resources with a focus on wellbeing and sustainability.

Going forward, the ongoing impacts of the pandemic, the cost of living crisis and the ramifications of environmental destruction will make our work ever more critical. We cannot continue with this broken economic system and our voice will be joined with others in calling for sustainable change.

We would like to extend our personal thanks to four of our trustees, who stepped down this year, whose wisdom, counsel and considerable contributions have been invaluable. We also welcome four new trustees, with an exciting mix of skills, which will enhance our ability to deliver on our strategic ambitions.

Chair's statement Year ended 30 June 2022

Last but by no means least, we were incredibly sad to say good bye to our colleague and friend, Elizabeth Cox, who lost her battle against cancer this year. This is a huge loss for NEF, Liz worked with us for nearly 20 years and she was tireless in her determination to deliver change that would have an impact.

A handwritten signature in black ink, appearing to read 'Rob', written in a cursive style.

Lord Bob Kerslake

Chair of the trustees

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2022. 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 25 to 28 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.

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Thanks

We are immensely grateful for the support of a wide range of trusts, foundations and individuals – our important work would not be possible without your generosity. NEF is committed to transparency and we list and thank on our website everyone who donates more than £5,000 in any financial year. We take this opportunity too to say a special thank you to those whose flexible funding has underpinned NEF's work this year, in particular the Friends Provident Foundation, the late Ronald Higgins, Claire Jones, Laudes Foundation, Sherwood Forest Fund, The William and Flora Hewlett Foundation, and everyone at Lots Road Auctions.

The impact of the pandemic in 2021/22

Over the last year the effects of the pandemic have continued to have an impact on our work. Although lockdowns were reduced we all continued to experience disruption to our lives and we had to manage the impact of higher transmission rates as society reopened. We provided practical support to staff to manage their work during this period of change and uncertainty, alongside safe working guidance as we reopened our office. We have maintained a hybrid working model which brings many benefits but also means adjustments are needed to work practices and our infrastructure. We continue to work on embedding this, as we acclimatise to a 'new normal'.

We have adapted our work on the ground where necessary and successfully implemented online tools and practices to increase engagement with stakeholders. We have invested more of our strategic reserves to drive forward our work at this critical time with a focus on pushing for change and rebuilding our economic model anew, rather than defaulting to the status quo.

Summary of activities & performance

Strategy & impact

From the pandemic to war in Ukraine and from the cost of living emergency to extreme weather, the impacts of our broken economic model and climate breakdown have been all too apparent. NEF has therefore continued with our strategy to accelerate the outcomes that will achieve our vision of a new economy – one 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
- Empowered and active communities

We continue to strive for this new economy through our three missions – a New Social Settlement, a Green New Deal and a Democratic Economy. We have developed and embedded an impact framework to shape and focus our work and have set an ambitious programme aimed at achieving change, including; the introduction of a Living Income, a Just Transition to a green economy and a New Deal to transform and level up local economies as we transition to net zero.

We have identified three routes to change; influencing the debate, building power for change and delivering policy change & impact. We have built our delivery objectives around these routes to change and identified annual impact KPIs for each across our three missions and subset of work programmes.

Summary of activities & the impact of coronavirus control measures (continued)

Work programmes

Our programme of work consists of projects supporting our three fundamental missions, working within our impact framework. Brief highlights of 2021/22 in securing change within each of these three missions are outlined below.

New social settlement

Ensuring everyone can afford the basics for a decent quality of life.

- The cost of living emergency has thrust our Living Income Campaign to the fore. We undertook intensive narrative and framing research to understand how to present social security reform in a way that appeals to voters. We have presented the resulting messaging guide widely in the new economy movement, produced an accompanying video and used in media appearances. We fleshed out the next stage of the living income policy with the publication of our auto-enrolment paper, which received coverage in the Daily Mirror, Daily Express, and others. The quality of our research and analysis outputs in this area resulted in proactive approaches from ITV and Channel 4 for exclusive pieces of analysis for them to air in response to key moments like the Chancellor's cost of living package.
- The government's flagship policy in the autumn Budget - cutting the Universal Credit taper rate - was a policy that we had been advocating for, although we had proposed a more generous cut. The cut would have been unlikely had Labour not recently announced a similar reform, explicitly based on our research. Moreover, the Chancellor's framing of the policy as a tax cut for the lowest paid was the exact framing that we used in our research and the argument we made when we advocated the move with his advisors.
- We launched a major new grassroots campaign for three million social homes. 'Homes for Us' is an ambitious five-year programme of organising, public education, research and communications to enable people to demand the genuinely affordable homes that can solve the housing crisis. With housing activists justifiably caught up in battles over immediate issues like unfair evictions and unaffordable rents, Homes for Us fills the gap where a nationwide movement for more social homes is needed. May's kick-off summit was attended by over 30 organisations from across the housing movement. We also ran a listening campaign to uncover people's lived experience of the housing crisis.

Green new deal

Achieving a green and fair recovery.

- Our Great Homes Upgrade campaign has pushed retrofit up the agenda. We have used the profile the campaign has given NEF and retrofitting to push the issue firmly into the civil society response to rising energy bills. Our resulting involvement in the Warm This Winter campaign means that this long-lasting measure is a core element in the demands for short-term assistance in the face of the impending crisis this winter. We formally launched the campaign last October with an online letter calling on the Prime Minister Johnson to back a national retrofit plan. Our coalition took its first action outside Parliament in the run up to the Spring Statement, delivering a letter to the Chancellor. This helped to win the concession of cutting VAT on retrofit measures to 0%. At a local level, we have supported the South Yorkshire Regional Authority and Hampshire County Council in developing retrofit delivery and financing strategies in their areas.

Summary of activities & performance (continued)

Green new deal (continued)

- Our Fiscal Matter coalition organised a week of events last October to open up a dialogue between civil society and the EU Commission as it began to review its fiscal governance programme. Our aim is to ensure the resulting fiscal framework does not prioritise debt reduction and balanced budgets at the expense of much more important human, economic and environmental outcomes – like creating well paid green jobs and implementing much needed green infrastructure projects. Participants in the highly successful week included Director-General for Economic and Financial Affairs at the European Commission, the Spanish Finance Minister, the Deputy Governor of Banca d'Italia, and numerous internationally renowned economists, including Mariana Mazzucato, Yanis Varoufakis and Nobel prize winner Joseph Stiglitz. The coalition later agreed a manifesto for fundamental reform of the EU's fiscal rules. It was signed by 273 organisations and academics (including Olivier Blanchard – former IMF chief economist). We have had two important wins. ECB President Christine Lagarde has publically said she's open to the idea of using the institution's lending facilities to encourage the transition to carbon neutrality (green credit guidance). This big step forward is a key policy recommendation that NEF developed and have worked with partners in Europe to persuade the ECB to adopt. The second was that the EU announced in May that it will suspend its fiscal rules for another year to enable increased spending in the Eurozone.
- We made considerable progress with the Bank of England this year. The redesign of its QE programme (CBPS) accepted the principle of exclusions by excluding thermal coal projects. The government has said that net zero transition plans for financial institutions and listed companies will be mandatory by 2023. And the main indicator of public sector net debt now excludes BoE debt.
- The US administration has explicitly endorsed a precautionary approach to climate related financial risks. It followed the Dutch National Bank's decision to apply the precautionary principle to corporate assets purchases and the Bank of Canada applying precautionary approach in selecting scenarios – both policies drawn from the work of our coalition.
- NEF's work was instrumental in the cancellation of the proposed expansion of Leeds Bradford Airport. Our researchers have supported GALBA, the local community action group campaigning against the expansion, through economic and climate impact analysis. The airport owners pinned the blame for the project's demise on the delay caused by the government calling in the project in response to the evidence we had put together.

Democratic economy

Supporting communities who make change happen

- Following the adoption of the bulk of the recommendations of the Greater Manchester Inequalities Commission in Andy Burnham's manifesto, we continued to engage with the city-region to ensure these manifesto pledges are converted into policies, programmes and projects.
- Our research showing that both income and regional inequality had risen sharply since the government announced it would "level up" made a big splash in December. As well as

Summary of activities & performance (continued)

Democratic economy (continued)

achieving significant BBC and Sky news coverage, the research did exceedingly well on social media thanks to a concerted digital campaign. This included hard-hitting videos, graphics and charts, and an interactive online map.

- NEF has been working hard behind the scenes to fill the gap in thinking on policy and practice around Levelling Up – we are recognised inside and outside government as perfectly placed to do so. We have been actively advocating our ideas with departments leading this work and have been invited to senior level cross-Whitehall discussions with Neil O'Brien, special advisers and officials leading this work in No 10, HMT, the Levelling Up Unit in Cabinet Office, MCLG and BEIS. There is huge appetite to engage with our work as the government tries to define and flesh out its agenda and we will continue to work across Whitehall to advocate for our ideas.
- Our report setting out NEF's approach to local transformation, *Closing the Divide*, gained support from mayoral teams including Andy Street (West Midlands), Andy Burnham (Greater Manchester), Dan Jarvis (South Yorkshire), Tracy Brabin (West Yorkshire) and Steve Rotherham (Liverpool).
- We continue to spearhead the testing and implementation of our proposals for revitalised local economies that work for people on the ground, in our work with councils, local authorities and key local infrastructure bodies through our strategic consultancy offer.

Plans for the future

With the cost of living crisis set to dominate politics until a general election now less than two years away, we must continue to look for ways to support people through the emergency while ensuring it is not used as a smokescreen to row back from net zero commitments. Priorities include creating a positive narrative on climate action and a boost to people's standard of living. This will not only require innovative new policies, evidence and analysis but also messaging research and organising to build power around the transition.

We will continue to work with allies in the progressive movement on high-profile public campaigns to demand responses to the cost of living crisis that will help people immediately while laying the foundations for longer term change. NEF is also building partnerships with leading community economic development organisations to work alongside metro mayors on new approaches to re-orientate local economies towards wellbeing and sustainability.

Our core programmes and aims are;

New social settlement

- **Living income:** adoption of living income to build sufficiency in social security system
- **Homes for us:** reverse decline of social housing & build 3 million social homes in 20 years
- **Universal services:** expand universal, free at the point of use provision to social care and childcare

Green new deal

- **Workers & transition:** creation of 'good green jobs' through a Great Homes Upgrade, supported by local schemes to upskill and reskill workers

Summary of activities & performance (continued)

Plans for the future (continued)

- **Consumers & transition:** adoption of policies to reduce costs of energy transition on low and modest income families
- **Funding the transition:** higher, sustained public investment in the transition plus private finance aligned with climate and social goals

Democratic economy

- **Local economic change:** Large-scale investment in communities, devolution of power and resources to tackle regional inequality and new economic approaches taking root in regional and local government. Support local economies to plan their transition to net zero.

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 have continued to secure new funders and renew many existing funders through our fundraising team's efforts, ably supported by strong leadership from the senior team. We 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 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. From the balance remaining at 1 July 2021 of £195,000, we spent £144,800, as planned, which has reduced the balance to £50,200. As a consequence of spending down these designated funds our expenditure has exceeded our income in both this year and the previous year.

Income for the year 2021/22, at £3,134,397, decreased from £3,327,043 the previous year, caused by small reductions in most of our income sources, including donations, our programme delivery funded by trusts and foundations, consulting activities and bank interest.

Headcount and FTE reduced to 44 and 40.7 respectively (49 and 45.8 in 2020/21), as a result of proactive management of overall staffing capacity and aligning this as far as possible to start and end dates of available funding.

The 2021/22 financial year was a good year for NEF Consulting Limited in terms of trading. Prior to overhead recharges (£192,520), NEF Consulting Limited delivered an overall surplus of £201,035. NEF Consulting made an operating profit of £8,515 (prior year an operating loss of £3,663). A donation of £4,852 was therefore made to the New Economics Foundation under gift aid. The trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to continue to make a profit and further contributions to the charity.

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

The Finance, Audit & Risk committee, on behalf of the Board of Trustees, conducts an annual review of the level of free reserves (being unrestricted reserves less non-current assets) in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of free reserves that are sufficient, having considered:

- The reasons we need reserves
- The potential impact of external factors outside our control
- The time required for reorganisation in the event of a downturn in income
- How to protect ongoing work programmes
- How to allow the charity to meet its working capital requirements
- How the charity is going to establish the level of reserves required
- How the policy and reserves will be monitored and reviewed

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 that the New Economics Foundation owns its own office space, which has a net asset value of £2.25m (net book value 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 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 building, 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 2022, this target amounts to £608,000 (2021: £547,000). General reserves at 30 June 2022 actually amounted to £490,413 (2021: £477,279). It is the intention of the Trustees to rebuild these reserves over the next three years.
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. This fund was originally set up thanks to the receipt of a large legacy in 2018/19. Subsequent spend means this reserve now amounts to £50,200 (2021: £195,000). Trustees expect to expend these funds over the next year.

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 £919,000 (2021: £988,000). The trustees have agreed on a policy of saving the cash reserves in a high interest paying ethical saving account available in the market.

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.

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. In response we have increased our internal communications and touchpoints across the organization, building in additional all staff time, in office socials and renewing focus on scheduling collaborative meetings on in office days to increase contact and engagement across teams. We promoted our Employee Assistance programme and shared resources to support wellbeing and working from home. We provided appropriate equipment for staff for use in their homes and increased our flexible working offer to support staff managing home life commitments.

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. 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 rigor is regularly monitored in terms of output and impact.

The other main area of risk we have identified relates to infrastructure – moving permanently to a hybrid working model brings with it a need to reassess both office and digital infrastructure and align this to a new way of working. We have begun a piece of work to review and update our IT hardware to account for the additional wear caused by intensive use of video conferencing alongside sourcing and deploying digital project management software which will support us to work more flexibly, collaboratively and efficiently going forward. Alongside this we are assessing our office lay out and building a business case to invest in redesigning the space to support an increase in meeting spaces and flexible work spaces that will serve staff better and enable the space to be used more effectively. It will also increase its appeal to potential tenants.

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.

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 2022, we received no complaints about our fundraising activities (2021 – none).

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

Structure governance and management

NEF is constituted through articles of association and registered as a limited company.

The appointment of a new trustee to the board of trustees takes place after due consideration from both parties to ensure a good strategic fit for the board and the prospective trustee. In the last year we reviewed the skills of our Board and identified gaps; additionally four trustees retired. We recruited four new trustees this year to address skills gaps and also extend breadth of experience of our Board.

The induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees. We have adapted our approach this year to support a virtual induction, this has also facilitated new trustees meeting a wider pool of staff and stakeholders more easily. They are also briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Trustees are eligible to attend appropriate external training events where these will facilitate the undertaking of their role.

The Board of Trustees usually meets four or five times a year and focuses on its three roles of strategy, performance and assurance. 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 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 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.

Trustees' report (incorporating the strategic report) Year ended 30 June 2022

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	
Lord Bob Kerslake, <i>Chair</i>	B & R	
Keren Jones, <i>Deputy Chair</i>	B,R & G	
Tariq Kazi, <i>Treasurer</i>	F & B	From 24 February 2021
Mike Tuffrey	F & B	Until 15 December 2021
Ian Christie	F	Until 15 December 2021
Alison Cowan	F	From 02 March 2022
Ciaran Driver	G	
Jouja Maamri		
Joshua Simons		From 22 June 2022
Deniz Ugur		
Sotez Chowdhury		
Tim Jenkins		
Anna Fielding (formerly Anna Laycock)	F	Until 22 June 2022
Martin Koehring	F	From 02 March 2022
Laurie Laybourn-Langton	G	
Mary Riddell	R	
Richard Bryars	F	From 22 June 2022
Rebecca Willis	G	
Rebecca Woo	G	Until 22 June 2022

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 13 for further details).

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 14 December 2022 and signed on its behalf by:



Chair of Trustees

Lord Bob Kerslake

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 2022 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 2022 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

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 group and charitable parent company'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. 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.

Responsibilities of trustees (continued)

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.

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 the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Act 2011 and those that relate to data protection (General Data Protection Regulation).
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to 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.

Auditor's responsibilities for the audit of the financial statements (continued)

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to identify and investigated the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring expenditure was approved in line with the charitable company's financial procedures; and
- ◆ challenged assumptions made by management in their significant accounting estimates, in particular those relating to the recognition of project income
- ◆ 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; and
 - ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

A further description of our responsibilities 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.

Auditor's responsibilities for the audit of the financial statements (continued)

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

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 ended 30 June 2022
(incorporating the income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds £	2022 Total funds £	Un- restricted funds £	Restricted funds £	2021 Total funds £
Income from							
Donations and legacies	1	132,570	—	132,570	171,990	—	171,990
Charitable activities							
Programmes	2	1,287,267	1,000,730	2,287,997	1,177,909	1,235,695	2,413,604
Other trading activities	3	711,398	—	711,398	737,905	—	737,905
Investments	4	2,432	—	2,432	3,544	—	3,544
Total income		2,133,667	1,000,730	3,134,397	2,091,348	1,235,695	3,327,043
Expenditure on							
Raising funds	5						
Costs of generating donations		112,335	—	112,335	112,537	—	112,537
Costs of trading activities		757,172	—	757,172	623,443	—	923,443
Charitable activities							
Programmes		1,363,234	1,000,730	2,363,964	1,305,515	1,235,695	2,541,210
Total expenditure		2,232,741	1,000,730	3,233,471	2,341,495	1,235,695	3,577,190
Net expenditure and net movement in funds	6	(99,074)	—	(99,074)	(250,147)	—	(250,147)
Reconciliation in funds							
Fund balances brought forward at 1 July		2,893,705	—	2,893,705	3,143,852	—	3,143,852
Fund balances carried forward at 30 June	18	2,794,631	—	2,794,631	2,893,705	—	2,893,705

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2022

	Notes	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible fixed assets	11	3,181,995	3,227,081	3,181,955	3,227,081
Investments	12	—	—	1	1
		3,181,995	3,227,081	3,181,996	3,227,082
Current assets					
Debtors	14	367,172	466,454	313,283	412,807
Cash at bank and in hand		918,577	988,294	912,796	984,744
		1,285,749	1,454,748	1,226,079	1,397,551
Liabilities					
Creditors: amounts falling due within one year	15	(845,713)	(906,147)	(786,044)	(845,288)
Net current assets		440,036	548,601	440,035	552,263
Creditors: amounts falling due after one year	17	(827,400)	(881,977)	(827,400)	(881,977)
Total net assets		2,794,631	2,893,705	2,794,631	2,897,368
The funds of the charity:	18				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,254,018	2,225,089	2,254,018	2,225,089
- Strategic development fund		50,200	195,000	50,200	195,000
General funds		490,413	477,279	490,413	477,279
Non-charitable trading funds		—	(3,663)	—	—
Total unrestricted funds		2,794,631	2,893,705	2,794,631	2,897,368
Total funds	18	2,794,631	2,893,705	2,794,631	2,897,368

Approved by the Board of Trustees on 14 December 2022 and signed on its behalf by



Chair of Trustees
Lord Bob Kerslake

Company registration number: 3193399

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	12,938	(1,074,075)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,269)	(7,012)
Investment income received		2,432	3,544
Interest payable		(28,306)	(29,025)
Net cash used in investing activities		(27,143)	(32,493)
Cash flows from financing activities:			
Repayments of borrowing		(55,512)	(54,307)
Net cash used in financing activities		(55,512)	(54,307)
Change in cash and cash equivalents in the reporting period		(69,717)	(1,160,875)
Cash and cash equivalents at the beginning of the year	B	988,294	2,149,169
Cash and cash equivalents at the end of the reporting period	B	918,577	988,294

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

	2022 £	2021 £
Net income for the reporting period (as per the statement of financial activities)	(99,074)	(250,147)
Depreciation charges	46,355	51,109
Investment income receivable	(2,432)	(3,544)
Interest payable	28,306	29,025
Decrease (increase) in debtors	99,282	(173,812)
Decrease in creditors	(59,499)	(726,706)
Net cash provided by (used in) operating activities	12,938	(1,074,075)

B Analysis of cash and cash equivalent

	2022 £	2021 £
Total cash and cash equivalents: Cash at bank and in hand	918,577	988,294

Analysis of movements in net cash (debts)

	At 1 July 2021 £	Cash flows £	Non-cash changes £	At 30 June 2022 £
Cash and Cash Equivalents	988,294	(69,717)	—	918,577
Borrowings				
Debt due within one year	(55,958)	55,958	(55,023)	(55,023)
Debt due after one year	(881,977)	—	54,577	(827,400)
	(937,935)	55,958	(446)	(882,423)
Total	50,359	(13,759)	(446)	36,154

Principal accounting policies Year ended 30 June 2022

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 ended 30 June 2022 with comparative information presented for the year ended 30 June 2021.

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.

Principal accounting policies Year ended 30 June 2022

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 both the impact that the Covid-19 pandemic has had and may have on the group and charity alongside the wider economic pressures accumulating due to the cumulative effects of Brexit, the war in Ukraine and cumulative pressures leading to the ongoing cost of living crisis. The most significant areas of judgement that affect items in the financial statements are detailed above.

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. The total income of the parent charity amounted to £2,713,264 (2020/21: £3,050,340) and total expenditure was £2,816,001 (2020/21: £3,296,824), resulting in the net expenditure for the year of £102,737 (2020/21: net expenditure of £246,484).

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.

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.

Principal accounting policies Year ended 30 June 2022

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.

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 |

Principal accounting policies Year ended 30 June 2022

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.

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

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.

Notes to the financial statements Year ended 30 June 2022

1 Income from donations and legacies

	Unrestricted funds	
	2022 Total £	2021 Total £
Unrestricted grants	25,855	19,748
Regular giving, individual donations and legacies	106,715	152,242
	132,570	171,990

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Un- restricted funds £	Restricted funds £	2022 Total £
Grants receivable			
New Social Settlement	410,282	478,853	889,135
Green New Deal	596,632	410,875	1,07,507
Democratic Economy	280,353	111,002	391,355
2022 Total	1,287,267	1,000,730	2,287,997

	Un- restricted funds £	Restricted funds £	2021 Total £
<i>Grants receivable</i>			
<i>New Social Settlement</i>	362,978	485,975	848,953
<i>Green New Deal</i>	397,256	600,739	997,995
<i>Democratic Economy</i>	417,675	148,981	566,656
<i>2021 Total</i>	<i>1,177,909</i>	<i>1,235,695</i>	<i>2,413,604</i>

Our programme areas are analysed based on our mission areas since our programme work is focused on three urgent missions to transform the economy.

Our organising and movement building programme works across our mission to build coalitions to campaign for change across NEF's agenda.

3 Income from other trading activities

	Unrestricted funds	
	2022 Total £	2021 Total £
Consulting	644,638	599,212
Books and publications	4,960	7,933
Licensee income	61,800	130,760
	711,398	737,905

4 Income from investments

	Unrestricted funds	
	2022 Total £	2021 Total £
Interest earned	2,432	3,544

5 Total expenditure

	Direct costs		Support costs £	2022 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	45,171	49,466	17,698	112,335
- NEF Consulting	377,251	107,369	272,552	757,172
Costs of charitable activities				
- Programmes	1,160,469	424,773	778,722	2,363,964
2022 Total funds	1,582,891	581,608	1,068,972	3,233,471

	Direct costs		Support costs £	2021 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	42,488	30,150	19,988	92,626
- NEF Consulting	476,849	65,185	387,762	929,796
Costs of charitable activities				
- Programmes	1,157,941	569,334	827,493	2,554,768
2021 Total funds	1,677,278	664,669	1,235,243	3,577,190

5 Total expenditure (continued)

	2022	2021
	Total	Total
	£	£
Support costs		
Staff costs (note 7)	632,912	803,109
Communications	35,244	37,555
Depreciation	46,355	51,109
Legal and professional	12,800	23,081
Premises	120,271	101,214
Human resources	57,147	11,588
Office running costs	67,767	114,580
Information technology	60,492	58,895
Irrecoverable VAT	35,984	34,112
	1,068,972	1,235,243

6 Net income (expenditure) for the year

This is stated after charging:

	2022	2021
	£	£
Depreciation	46,355	51,109
Interest payable	28,306	29,025
Operating lease rentals	9,832	9,832
Auditor's remuneration		
- Statutory audit	12,500	11,500
Foreign exchange gains or losses	248	111

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	1,902,040	2,109,318
Redundancy and termination costs	11,637	46,369
Social security costs	214,659	232,541
Pension costs	87,467	92,159
	2,215,803	2,480,387

Included within redundancy and termination costs are ex-gratia payments totalling £11,637 to two employees (2021 - £46,369 to five employees).

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:

	2022	2021
	No.	No.
£60,001 - £70,000	2	1
£70,001 - £80,000	3	2
£90,001 - £100,000	—	1
£100,001 - £110,000	1	—

7 Staff costs and trustees' remuneration (continued)

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £461,243 (2021: £467,230). The slight change was due to departure and arrival timing of SMT team members.

No trustees received emoluments during the year for services provided to the charity (2021: £nil).

Total expenses of £nil were reimbursed to Trustees during the year (2021: £nil).

8 Staff numbers

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

	Headcount		FTE	
	2022 £	2021 £	2022 £	2021 £
Strategic fundraising	1	1	0.5	0.5
NEF Consulting	9	10	7.7	9.7
Programmes	23	23	22.0	20.7
Support (including Communications)	16	14	9.5	13.9
Governance	1	1	1.0	1
	44	49	40.7	45.8

9 Related party transactions

Donations totalling £100 were made to the charity by trustees during the year (2021: £265). These donations contributed to core costs and ongoing projects. There were no other related party transactions during the year (2021: none).

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 2021	3,329,171	115,839	132,442	3,577,452
Additions in the year	—	—	1,269	1,269
At 30 June 2022	3,329,171	115,839	133,711	3,578,721
Depreciation				
At 1 July 2021	166,147	73,757	110,467	350,371
Charge for the year	26,584	11,583	8,188	46,355
At 30 June 2022	192,731	85,340	118,655	396,726
Net book values				
At 30 June 2022	3,136,440	30,499	15,056	3,181,995
At 30 June 2021	3,163,024	42,082	21,975	3,227,081

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	
	2022 £	2021 £	2022 £	2021 £
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:

	2022 Total £	2021 Total £
Turnover	729,053	867,124
Cost of sales	(302,073)	(330,915)
Gross Profit	426,980	536,209
Operating expenses	(418,547)	(539,997)
Interest receivable	82	125
Profit (loss) for the financial year	8,515	(3,663)
Accumulated deficit at 30 June 2021	(3,663)	—
Donation to parent undertaking under gift aid	(4,852)	—
Retained earnings (accumulated deficit) at 30 June 2022	—	(3,663)

14 Debtors

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	156,302	169,905	116,670	119,421
Amounts due from subsidiary	—	—	95,741	77,907
Prepayments	61,077	79,536	61,077	79,536
Accrued income	149,793	214,684	39,795	133,614
Other debtors	—	2,329	—	2,329
	367,172	466,454	313,283	412,807

15 Creditors: amounts falling due within one year

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Bank loans (note 17)	55,023	55,958	55,023	55,958
Trade creditors	54,773	200,283	48,893	186,725
Taxation and social security	73,410	86,322	65,771	69,445
Other creditors	494	3,362	494	3,362
Accruals	253,518	236,628	251,718	236,628
Deferred income (note 16)	408,495	323,594	364,055	293,170
	845,713	906,147	786,044	845,288

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	
	2022 £	2021 £	2022 £	2021 £
Deferred income brought forward	323,594	1,256,750	293,170	1,191,733
Amount released to income in the year	(906,210)	(1,858,047)	(853,259)	(1,800,942)
Amount deferred in the year	991,111	924,891	924,144	902,379
Balance at the end of the year	408,495	323,594	364,055	293,170

17 Creditors: amounts falling due after one year

	Group and charity	
	2022 £	2021 £
Bank loans	827,400	881,977

Bank loans are repayable as follows:

	Group and charity	
	2022 £	2021 £
Bank loans		
. Payable within one year (note 15)	55,023	55,958
. Payable one to five years	241,900	241,379
. Payable more than five years	585,500	640,598
	882,423	937,935

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

	General unrestricted £	Designated funds £	Total funds £
As at 30 June 2022			
Tangible fixed assets	45,555	3,136,440	3,181,995
Net current assets	444,859	(4,823)	440,036
Long term liabilities	—	(827,400)	(827,400)
Net assets at the end of the year	490,414	2,304,217	2,794,631

18 Analysis of group net assets between funds (continued)

<i>As at 30 June 2021</i>	<i>General unrestricted £</i>	<i>Designated funds £</i>	<i>Total funds £</i>
<i>Tangible fixed assets</i>	64,057	3,163,024	3,227,081
<i>Net current assets</i>	409,559	139,042	548,601
<i>Long term liabilities</i>	—	(881,977)	(881,977)
<i>Net assets at the end of the year</i>	473,616	2,420,089	2,893,705

19 Movements in funds

	<i>1 July 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>At 30 June 2022 £</i>
Unrestricted funds					
<i>Designated funds</i>					
Property fund	2,225,089	—	—	28,929	2,254,018
Strategic development fund	195,000	—	—	(144,800)	50,200
General funds	477,279	1,404,532	(1,507,269)	115,871	490,413
Non-charitable trading	(3,663)	729,135	(725,472)	—	—
Total unrestricted funds	2,893,705	2,133,667	(2,232,741)	—	2,794,631
<i>Restricted funds (analysis below)</i>					
Total restricted funds	—	1,000,730	(1,000,730)	—	—
Total funds	2,893,705	3,134,397	(3,233,471)	—	2,794,631

	<i>1 July 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>At 30 June 2021 £</i>
<i>Unrestricted funds</i>					
<i>Designated funds</i>					
Property fund	2,197,366	—	—	27,723	2,225,089
Strategic development fund	448,395	—	—	(253,395)	195,000
General funds	498,091	1,224,099	(1,470,583)	225,672	477,279
Non-charitable trading	—	867,249	(870,912)	—	(3,663)
Total unrestricted funds	3,143,852	2,091,348	(2,341,495)	—	2,893,705
<i>Restricted funds (analysis below)</i>					
Total restricted funds	—	1,235,695	(1,235,695)	—	—
Total funds	3,143,852	3,327,043	(3,577,190)	—	2,893,705

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.

19 Movements in funds (continued)

Purposes of designated funds (continued)

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. This fund was set up thanks to the receipt of a large legacy of £500,000 in 2018/19. The trustees authorised the expenditure of £144,800 (2021:£253,395) of strategic development funds during the year on our *Build Back Better and Living Income* programme. This reserve now amounts to £50,200 (2021:£195,000). The trustees expect to expend the remaining funds over the next year.

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.

No transfers have been made from unrestricted reserves to subsidise restricted funds in deficit at the year end.

Non-charitable trading

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

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

	1 July 2021	Income	Expenditure	30 June 2022
	£	£	£	£
Restricted Funds				
abrdn Financial Fairness Trust	—	29,375	(29,375)	—
ClimateWorks Foundation	—	5,000	(5,000)	—
Eastbourne U10 Fisherman's CIC	—	6,000	(6,000)	—
Economic and Social Research Council	—	4,385	(4,385)	—
European Climate Foundation	—	65,033	(65,033)	—
Farming the Future	—	8,775	(8,775)	—
Friends Provident Foundation	—	77,139	(77,139)	—
The Joseph Rowntree Charitable Trust	—	127,277	(127,277)	—
Laudes Foundation	—	109,852	(109,852)	—
MAVA Foundation	—	12,920	(12,920)	—
The Nationwide Foundation	—	17,492	(17,492)	—
Network for Social Change	—	4,848	(4,848)	—
Oak Foundation	—	173,981	(173,981)	—
Open Society Policy Center	—	6,006	(6,006)	—
Partners for a New Economy	—	40,166	(40,166)	—
Paul Hamlyn Foundation	—	6,106	(6,106)	—
The Pickwell Foundation	—	10,000	(10,000)	—
Sabi Foundation	—	10,500	(10,500)	—
The Samworth Foundation	—	63,497	(63,497)	—
The Smallwood Trust	—	102,835	(102,835)	—
Sustainability. Health. Environment. Development	—	20,000	(20,000)	—
The Tudor Trust	—	52,273	(52,273)	—
Trust for London	—	2,750	(2,750)	—
Walton Charity	—	31,420	(31,420)	—
The Woodhaven Trust	—	13,100	(13,100)	—
Total restricted funds	—	1,000,730	(1,000,730)	—

19 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	
	2022	2021
	£	£
Within one year	9,832	9,940
Between two to five years	17,098	26,930
	26,930	36,870

20 Contingent liabilities

The building owned by the charity has been identified as potentially containing combustible external wall materials which may require replacement for fire safety purposes. An application has been made to the Government's Building Safety Fund to cover any costs of replacing and rectifying the materials which pose a risk, and the fund has confirmed the building's eligibility for support. This application has now been transferred to the original developer, Telford Homes, who have signed the Building Safety pledge, requiring them to correct any defects identified. Telford Homes have since re-assessed the property in line with the latest building requirements, and they have indicated that the results of this re-assessment are that no further remediation works are required. The managing agent has reviewed the re-assessment and responded to Telford Homes with some concerns and is awaiting their response. In the event that building remediation is found to be required, the charity's estimated share of the remediation costs are £2.0m. The likelihood of this becoming due is deemed low based on the current status of the review of the building, Telford Homes adoption of the Building Safety pledge and the Government Building Safety Fund accepting our application for eligibility for support.

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.