

Company number: 3193399

Charity number: 1055254

**New Economics Foundation**  
**Report and Financial Statements**  
**30 June 2014**

**New Economics Foundation**

**Reference and administrative details**

**For the year ended 30 June 2014**

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**Company number** 3193399

**Charity number** 1055254

**Registered office and operational address** 3 Jonathan Street  
Vauxhall  
London  
SE11 5NH

**Directors & Trustees** Sam Clarke Chair  
Martin Gillie Treasurer  
Margaret Hyde  
Leo Johnson (resigned December 2013)  
Colin Nee (resigned June 2014)  
Jules Peck  
Howard Reed  
Simon Retallack  
Rukaya Sarumi  
Lyndall Stein

**Secretary** Stewart Wallis Executive Director

**Principal bankers** The Co-operative Bank  
80 Cornhill Street  
London  
EC3V 6BB

**Solicitors** Bates, Wells and Braithwaite  
Cheapside House  
138 Cheapside  
London  
EC2V 6BB

**Auditors** Sayer Vincent LLP  
Chartered accountants and statutory auditors  
8 Angel Gate  
City Road  
London  
EC1V 2SJ

## **New Economics Foundation**

### **Report of the trustees**

#### **For the year ended 30 June 2014**

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The Trustees present their annual report and the audited financial statements for the period ended 30 June 2014.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting for Charities.

### **Objectives, activities and achievements**

The objectives for which the organisation is 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.”

NEF was set up in 1986 by the leaders of the first TOES (the Other Economic Summit). As an independent ‘think-and-do’ tank, we promote a Great Transition to a new economic system where ecological resources are used sustainably to support a fairer and better life for everyone. We believe radical and systemic change is required to achieve this.

Our activities include innovative research, policy and advocacy work, public campaigns, developing tools and institutions for change, and delivering practical projects in communities in the UK and beyond.

Under the umbrella of the Great Transition, we organise our work into a number of programme areas. Over the period 2013-14 our key programmes were as follows: Environmental Economics; Finance and Business; Great Transition Initiatives; Social Policy; Valuing What Matters; and Well-being.

#### **How our activities deliver public benefit**

The trustees 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 its future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the well-being of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

## New Economics Foundation

### Report of the trustees

#### For the year ended 30 June 2014

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We achieve public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues. In addition, some aspects of our work achieve public benefit through supporting targeted sections of population – for example, by supporting enterprise development in low income communities, by supporting public service users to become more involved in shaping the services which are designed to support them, and by supporting individuals and businesses within particular geographical communities to keep money circulating within the local economy through the use of community currency schemes.

#### Summary of activities and achievements in 2013-14

NEF's overall strategic purpose is to help generate systemic change to bring about an economy that delivers wellbeing and social justice within environmental limits.

Put very simply, our current economies face major systemic and interlinked problems. In general, they are:

- Unsustainable;
- Unfair;
- Unstable; and are making us
- Unhappy (or at best, not any happier).

Furthermore, our economies contain a seemingly unsolvable dilemma. If it were possible to get the foot back firmly on the growth 'accelerator', we would rapidly deplete the earth's resources. If, however, the richer of us were to reduce consumption– the foot hard on the 'brake' – we would cause even greater recession, job losses, and decline in well-being. We believe the only solution is a Great Transition to a very different economy based on different values, different measurement systems, different initiatives, and different institutional structures.

In line with our objectives for 2013-2014, we have made particular progress in relation to:

- the creation and development of an economic model to help drive the development of a new theory to underpin systemic change
- building a sustainable movement for systemic change within civil society, using the foundation laid by the New Economy Organisers Network (NEON)
- expanding our movement building to engage economic practitioners and international partners who further advance the agenda of the Great Transition initiative.

#### A brief timeline of achievements during 2013 -2014

**July:** NEF lobbied the Bank of England to jump-start house building and small businesses through [strategic quantitative easing](#).

NEF's ground-breaking work on modelling the interactions between the financial and economic system was published in the prestigious economic journal, *Empirica*.

## New Economics Foundation

### Report of the trustees

For the year ended 30 June 2014

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- August:** [Surviving Austerity](#) exposed the human cost of government cuts, as told by hard-hit communities in Haringey and Birmingham.
- September:** [Framing the Economy](#) challenged the powerful stories and language used by politicians and the media to reinforce austerity.
- A new book [Time on our side](#) pushed NEF's arguments for a shorter working week back into the headlines.
- Lord Chief Justice Thomas spoke at the launch of NEF's [Better Courts](#) programme to tackle the root causes of crime.
- October:** [Distant Neighbours](#) revealed how rising inequality and house prices are driving all but the super-rich out of communities.
- NEF helped win a landmark European Parliament vote with its briefing paper [Unknown Waters](#), doubling funding for data collection to protect fish stocks
- November:** NEF's research on Britain's shocking low-pay problem made the front page of the *Independent*.
- December:** NEF convenes experts from across Europe to talk about solutions to inequality and the living standards crisis.
- February:** Two new NEF reports on credit unions and cooperatives reaffirmed why the UK needs a local banking network.
- NEF made the case for universal, high-quality childcare in our high-impact report [The value of childcare](#).
- March:** On budget day, NEF's [Economic health-check](#) reveals the UK was relapsing into the bad habits that caused the crash
- [Model behaviour](#) urged the media to get real on its reporting of climate change
- April:** Five hundred currency innovators around the world downloaded NEF's new [Community Currencies in Action](#) guide to project evaluation
- The BBC and the *Financial Times* covered NEF's debate-changing proposal to regenerate London City Airport
- June:** NEF published a definitive guide for local authorities to design public services in partnership with the people who use them
- [NEON Summer School](#) trained civil society leaders to understand our broken economy and how to change it
- NEF's conference brought together local authorities from across the country to share what works for tackling poverty and inequality.

***Objective: To catalyse a new economy movement in the UK and wider***

Our investment in movement building through the New Economy Organising Network (NEON) is continuing to pay dividends. The mission of NEON is to strengthen the movement for a better, fairer, and more environmentally sound economic system. During the year we have been successfully building the skills, knowledge and relationships needed to challenge the status quo.

We brought together campaigners from major charities and non-profits, grassroots activists, faith leaders, trade unionists and journalists into the network, which now has more than 450 members. We provided top-class training in how to understand and analyse the economy and ways and methods of devising debate-changing campaign strategies.

We hosted meetings involving internationally renowned economists, such as Victoria Chick and Ha Joon Chang, as well as NEF experts and commentators, such as Zoe Williams and Aditya Chakraborty.

***Objective: Influencing changes in policy and practice that promote good lives within environmental limits and establishing NEF as the UK authority on new economics and on transition to a sustainable economic system***

- ***A model of economics***

During the last year we have continued to make progress in developing our economic model designed to help drive the development of a new theory to underpin systemic change. Most significantly, we have gained an academic profile and have received extremely positive feedback at academic conferences. We have also developed a first paper for publication. In addition, we submitted a bid for funding from The Institute for New Economic Thinking (INET) and received continued funding from The Network for Social Changes, which has enabled us to formalise our relationship with our academic modeler partners for a further year.

- ***Making money***

From grassroots to government, NEF is at the forefront of innovation towards a more socially and environmentally sustainable financial and monetary system. During the year we received another sure sign that we are making headway. Society and policy is plagued by a misunderstanding of where money comes from. Politicians, journalists, even top economists get it wrong. But after meeting our experts, the Bank of England made its most plain and public admission yet: the vast majority of money in circulation is created by commercial banks chasing private profits. NEF has long worked to set the record straight, including publishing in 2011 our own economics textbook on money and banking. Seeing our work referenced in the Bank's official publication in March 2014 was proof we are really making a difference.

We also lobbied for smarter monetary policy. At present, quantitative easing is of little benefit to ordinary people – it is mostly sucked into unproductive sectors like currency trading or real estate. We showed how the benefits of expanding the money supply could be channelled directly to areas of our economy that need it most, such as house-building, clean energy and small businesses. Our proposal made it into the *Telegraph*, the *Guardian*, and the *Financial Times*.

- ***How to future-proof a city***

During the year NEF changed the face of the UK aviation capacity debate. As mayors and airline bosses clashed over the location of extra runways around the capital, our report *Royal Docks Revival* demanded an entirely new take on the issue. The report made the economic, environmental, and social case for why London City Airport in London's East End could and should be closed down and its site regenerated. This wasn't just about the obvious climate hazard posed by the UK's growing aviation emissions – nor was it just about London. It was about getting real about the way we need to manage our cities, resources, and transport in a world threatened by escalating inequality and environmental degradation.

We collaborated with local people, activists, urban designers, and architects to design a new vision for the 50-acre site. BBC News reported from our packed launch event near the airport, where we laid out the alternative: a green, walkable, and resource-efficient neighbourhood, where community ownership keeps housing and workspaces permanently affordable; a circular-economy where one business's waste was another's raw material; a place that people from all over want to visit – rather than simply a thoroughfare for the rich.

- ***Beyond crime and punishment***

Courts are rarely seen as the home of social innovation. Their primary job is to sentence, not tackle underlying causes of law-breaking – even if it means seeing the same faces, time and time again. It doesn't have to be this way. Teaming up with the Centre for Justice Innovation and supported by the Hadley Trust, NEF set out to change the fortunes of some of society's most vulnerable people and communities.

[Better Courts](#) is a pioneering new programme to help courts across England and Wales cut crime by unpicking the issues underpinning the cases before them. Within six months we had Lord Chief Justice Thomas, the most senior judge in England and Wales, praising the project at an event we ran for magistrates, judges and court practitioners. We met with courts partnering with specialists to help families torn apart by drug and alcohol. We met with courts enlisting the community to help reintegrate low-level offenders. We met with courts dedicated to tackling domestic violence cases. Analysing what works and why, [Better Courts](#) is building on what's been learned to catalyse action throughout the court system – with its achievements this year featured in the *Financial Times*, and across the legal media.

- ***A time to work***

When NEF began calling for a shorter working week back in 2010 we could not have predicted the response we'd get. Four years later, barely a week goes by without journalists calling us with questions about a 30- or even a 21-hour week. From top business leaders to senior medics, more and more people are catching on to the idea that this is more than wishful thinking: it is a serious economic proposal that could bring transformative benefits to our wellbeing, family life, economy and planet.

This year NEF teamed up with 14 top academics to continue piecing together the real-life implications of shorter, more flexible working hours. [Time on our side: Why we all need a shorter working week](#), explored the potential impacts on reducing greenhouse gas emissions. It investigated international examples of shorter working weeks, and highlighted the vital importance of tackling low pay. Launched in September, the book propelled our argument back into the headlines – with the *Telegraph*, the *Independent* the BBC and many others all wanting the scoop.

- ***Improving wellbeing***

When the UK government started measuring wellbeing back in 2010, it was a victory for NEF and our long-standing campaign to show that real economic progress relies on more than GDP growth. But measuring what matters is just the beginning. It's time to use what the data are telling us to inform smarter decisions about running the country. During the year, NEF worked in Parliament to make this happen. The All-Party Parliamentary Group (APPG) on Wellbeing Economics is a group of MPs from across the political spectrum. With years of wellbeing research behind us, NEF co-ordinated the group's first ever inquiry to help MPs get to grips with what UK wellbeing data mean for writing better policies.

Bringing in former Cabinet secretary Gus O'Donnell, the chair of the Low Pay Commission, David Norgrove, and other expert witnesses the inquiry looked at how wellbeing evidence can help build a stronger economy and society – from our labour market to transport systems. The APPG helped galvanise support and understanding for a new type of decision-making rooted in what matters most to people's lives. It made the case for stable, secure employment over growth; green, walkable cities; and investment in arts and culture.

- ***A change in climate***

Before last Christmas we asked our supporters to help us fund urgent work to put climate change back on the agenda. With thousands of pounds of individual donations pledged we were able to establish our climate programme – starting with an important call for change. One of the biggest barriers to engaging with climate change is the uncertainty around precisely how and when it will impact our everyday lives in the future. It's a problem made far worse by ongoing efforts of the media and parliament to attack the integrity of climate science. Almost three decades have now passed since the International Panel on Climate Change began predicting how global warming would alter our planet: time enough to test whether the suspicion levelled at its work is justified.

Our paper [Model Behaviour](#) took a unique look at the track record of climate forecasts to date. From sea-level rise, to atmospheric carbon concentration, we found that key changes recorded around the world have been entirely in line with predictions. We compared this to the performance of key economic forecasts – which, despite being treated as gospel by politicians, big business, and the media, we found to have been dramatically off the mark over the same time span.

***Objective: Encouraging transition to a new economy at an international level***

- We have continued to develop our international partnerships in India and South Africa by helping to coordinate and connect on-the-ground new economics ideas and to support environmental projects with key partners. We have helped both partners to develop business plans for taking their work forward, particularly around areas such as innovation, value chains and crowd-funding for micro enterprises.
- It has been a year of major and positive change for NEF's sister organisation, NEI, the New Economics Institute in the USA. The NEI became the New Economy Coalition (NEC), and has now established a coalition of well over 100 new economic institutions, including one, non-North American organisation (NEF!). The work of the NEC continues to go from strength to strength and we continue to develop stronger links.



***Objective: To achieve financial sustainability and maintain our independence***

Our aim was that by July 2015, we would be in a position to cover all our costs from a combination of overhead recovery, direct recovery of central costs from programmes and contributions from NEF Consulting.

- We maintained a steady level of around 1,300 supporters making regular donations.
- We have increased our programme staff numbers thereby reducing the ratio between core staff and overhead contributing staff.

We have continued to closely monitor costs and invested in developing more efficient and effective financial and time management systems.

## **NEF's Strategy Review 2014-2017**

It became increasingly clear to us that effectively tackling the multiple environmental and social challenges the world faces requires fundamental changes to the economic system. During 2014 we developed a strategy review for 2014-2017 that sets out the next steps in NEF's ambitious aim to be the hub of an international movement leading the transition to a sustainable and just economy.

Civil society, policy makers and economic actors are stuck in the mode of dealing with specific issues separately and incrementally, leaving the fundamental problems unaddressed. Overcoming this requires a broad movement which simultaneously makes progress on specific issues and toward systemic economic change. While this is beyond any single organisation, NEF is uniquely well-placed to play a leading role in this movement. Our reputation as a thought leader with expertise across multiple areas is unrivalled. We have a successful track record in leading coalitions and networks, as well as in practical, on the ground work. NEF is the leading organisation taking a systemic approach and in work in recent years has laid the foundations for the key components outlined in this strategy.

Our review set out how we will build on these strengths to become the hub of a Europe-wide movement for systemic change. By the end of this period we will be in a position to take the model beyond Europe, reflecting our existing connections in Africa, Asia and the Americas.

Our strategy is necessarily ambitious. A key element is to bring others on the journey with us, notably funders who are often in the same silos as the rest of civil society. The strategy will feed into our funding bids and project plans to ensure that maximum strategic value is achieved from resources available.

### **Our strategic aims to deliver systemic change**

- 1. Create a coherent agenda for a new economics based on clear principles and supported by a strong narrative**

This is the aim which was identified as a clear priority in all consultation. Systemic change will be driven by a clear understanding, firmly anchored in evidence, experience and democratic dialogue, of how the world can be arranged differently - and expressed as a compelling agenda for action, based on sound principles.

Change is driven not just by discrediting the dominant narrative but also by creating a new compelling narrative about how the new economics can work more effectively. It is now urgent to develop a rich body of work that will enable us to substantiate that understanding, to set out the agenda for action, and to articulate and justify the principles.

It is also important to develop an inspiring narrative of how a new economics works for the common good. NEF is in a unique position to drive this process because we take a holistic view, cover many of the components, can convene across society/economy and are politically independent.

**2. Establish and strengthen a new economics movement across civil society, the economy and academia that takes action for systemic change**

NEF has a proud history of building movements around specific issues and we have a convening power across a wide range of economic stakeholders. Our overall purpose of achieving systemic change challenges us to build a movement around this wider goal. This movement building as a method of helping to achieve systemic change infuses NEF's work. This is an approach based on some of NEF's strengths such as open-mindedness, co-production and cooperation. We are in the early stages of developing such a movement in civil society. We must build on this work and learn from experience how to involve a wider range of participants, including economic actors and academia.

Our movement building involves four key networks: business; civil society; research and policy; local economy practitioners. Although these may overlap, it is useful to think of them separately for the purposes of understanding our strategy for engaging with them. These networks will vary in terms of their geography (UK and Europe) and in terms of the timing at which NEF will begin to facilitate them.

**3. Establish NEF as a centre of excellence in new economics research, literacy and training across academia, civil society and the economy**

NEF has established itself as the leading organisation for thinking on the new economics, for establishing examples of what this means in practice, and for catalysing a movement.

Our research excellence feeds our first strategic aim in formulating a coherent agenda for new economics. Increasing the understanding of this new economics and enabling those across academia, civil society and the economy to put this into practice is a vital aim for us. The timing of this work is also important as demand for teaching and training in this area are growing. We want to seize this opportunity and to explore the viability of this work as an income stream.

## 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.

### Financial position

NEF's overall financial position remained healthy. Income was higher than in the previous year (a 14% increase from £3,116,287 to £3,556,076). Correspondingly, expenditure increased by 3% (from £3,263,330 to £3,351,832). The resulting net increase in funds amounted to £204,244.

## **New Economics Foundation**

### **Report of the trustees**

#### **For the year ended 30 June 2014**

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NEF is due to move to new premises in early 2015. To maximise the profit on the sale of the current office at 3 Jonathan Street and fund the search for suitable new office space, a sum of £90,697 was expended in the year to 30 June 2014. A further £55,508 was spent on the purchase of our new premises and this is shown in the increased value of NEF's land and building assets.

Staff numbers continued on an upward trend with an increase of 8% full time equivalent staff in the year (from 52.3 to 56.5).

NEF Consulting Limited was established as a wholly owned subsidiary of NEF, both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Over the past 6 years, NEF Consulting has succeeded in establishing itself as a strategic advisor to the Public, Corporate and Third sectors. NEF Consulting delivers sustainable improvements in outcomes, primarily in the areas of social and environmental impact, employee well-being and engagement and local economic money flows. NEF Consulting also provides cutting edge techniques and advice for assessing the long term financial benefits of maximising outcomes that are traditionally difficult to measure and assess. NEF Consulting uses the now widely accepted technique of social return on investment "SROI".

NEF Consulting made an operating profit of £64,695 in the current year (prior year £26,416). The profit is struck after payment of a royalty to the charity of £44,798 to recognise the intellectual property generated by the charity and used by NEF Consulting. After financing costs, the company made a profit of £62,646 which will be donated in full to NEF in 2014/15.

#### **Reserves policy**

Our policy is to ensure that each programme has confirmed funded work or general reserves to cover at least 3 months of operating costs. Separately, a general reserve target of £250,000 has been set. This fund is held centrally with the aim of providing a further measure of stability across the organisation and cover at least 3 months of core operating costs.

At 30 June 2014 each programme met the reserves criteria and the centrally held general reserve stood at £279,603 (prior year: £386,491). The remainder of the free general reserves comprised £421,381 of unrestricted funds in NEF's programme areas and the carried forward loss of £450 in NEF Consulting, bringing total free reserves to £700,534. The remaining £710,503 of NEF's unrestricted funds represent the net book value of freehold land and buildings of NEF less any outstanding loan commitments on the property and have been classed as designated funds as these reserves are not readily available for application by NEF.

#### **Investment policy**

Our policy with regard to investments is that social, environmental and ethical considerations are to be taken into account when deciding on any investment. NEF currently holds no investments apart from £1 invested in its trading subsidiary, NEF Consulting.

## Structure, governance and management

NEF is constituted through Articles of Association and registered as a Limited Company.

Recruitment of new trustees is informed by a trustee skills audit which is regularly undertaken. New posts are advertised, short-listed and interviewed for, and appointments made by the current Board of Trustees in consultation with NEF's senior managers. The induction process for new trustees includes meetings with staff from all NEF's programmes and provision of more general information about the role and responsibilities of charity trustees. All new trustees are subject to a probationary period.

The Board of Trustees meets five to six times a year and guides the strategic direction of the organisation. The trustees delegate the day to day running of the charity to the Executive Director, Stewart Wallis, and the management team. The management team comprises the Executive Director, three other Directors, and 5 Programme Heads, who meet fortnightly for a full discussion of operational issues. The Directors lead on strategic and managerial decisions, with Programme Heads having responsibility across the various programme areas. Quarterly, the management team focuses in-depth on the financial management of NEF including scrutinising the monthly management accounts and 15 month rolling forecasts.

Decisions are made according to the levels of delegated authority defined in NEF's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff at NEF.

The major risks to which NEF is exposed have been identified and are annually reviewed and where necessary amended, and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks.

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. The total number of such guarantees at 30 June 2014 was nine. The trustees have no beneficial interest in the group or charitable company.

## Statement of responsibilities of the trustees

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

## **New Economics Foundation**

### **Report of the trustees**

#### **For the year ended 30 June 2014**

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

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Auditors**

Sayer Vincent LLP were re-appointed as the group and charity's auditors during the year and have expressed their willingness to continue in that capacity.

The report of the trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime

Approved by the Board of Trustees on 4 December 2014 and signed on its behalf by

Martin Gillie - Treasurer

## **Independent auditors' report**

### **To the members of**

#### **New Economics Foundation**

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We have audited the financial statements of New Economics Foundation for the year ended 30 June 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditors' report**

**To the members of**

**New Economics Foundation**

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### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2014, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Jonathan Orchard (Senior statutory auditor)

5 February 2015

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Sayer Vincent LLP, 8 Angel Gate, City Road, LONDON EC1V 2SJ

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

**New Economics Foundation**

**Consolidated Statement of Financial Activities (Incorporating an income and expenditure account)**

**For the year ended 30 June 2014**

|  | Note | Restricted<br>£  | Unrestricted<br>£ | 2014<br>Total<br>£ | 2013<br>Total<br>£ |
|--|------|------------------|-------------------|--------------------|--------------------|
| <b>Incoming resources</b>  |      |                  |                   |                    |                    |
| <i>Incoming resources from generated funds</i>                         |      |                  |                   |                    |                    |
| Voluntary income   | 2    | -                | 190,618           | <b>190,618</b>     | 265,363            |
| Books and publications   |      | -                | 31,024            | <b>31,024</b>      | 22,004             |
| Investment income  |      | 888              | 920               | <b>1,808</b>       | 6,134              |
| nef Consulting   |      | -                | 878,491           | <b>878,491</b>     | 785,457            |
| <i>Incoming resources from charitable activities</i>                   |      |                  |                   |                    |                    |
| Great Transition   |      | <u>1,803,335</u> | <u>650,800</u>    | <b>2,454,135</b>   | <u>2,037,329</u>   |
| <b>Total incoming resources</b>  |      | <u>1,804,223</u> | <u>1,751,853</u>  | <b>3,556,076</b>   | <u>3,116,287</u>   |
| <b>Resources expended</b>  |      |                  |                   |                    |                    |
| <i>Costs of generating funds:</i>                                      |      |                  |                   |                    |                    |
| Strategic fundraising  |      | -                | 121,055           | <b>121,055</b>     | 189,866            |
| NEF Consulting   |      | -                | 818,039           | <b>818,039</b>     | 682,095            |
| <i>Charitable activities</i>   |      |                  |                   |                    |                    |
| Great Transition   |      | 1,850,692        | 454,479           | <b>2,305,171</b>   | 2,316,871          |
| <i>Governance costs</i>  |      |                  |                   |                    |                    |
|  |      | <u>-</u>         | <u>107,567</u>    | <b>107,567</b>     | <u>74,498</u>      |
| <b>Total resources expended</b>  |      | <u>1,850,692</u> | <u>1,501,140</u>  | <b>3,351,832</b>   | <u>3,263,330</u>   |
| <b>Net (outgoing)/incoming resources before transfers</b>              |      |                  |                   |                    |                    |
|  | 4    | (46,469)         | 250,713           | <b>204,244</b>     | (147,043)          |
| Gross transfers between funds  |      | <u>82,029</u>    | <u>(82,029)</u>   | <u>-</u>           | <u>-</u>           |
| <b>Net (expenditure)/income for the year and net movement in funds</b> |      |                  |                   |                    |                    |
|  |      | 35,560           | 168,684           | <b>204,244</b>     | (147,043)          |
| <b>Reconciliation of funds</b>   |      |                  |                   |                    |                    |
| Total funds brought forward  |      | <u>698,936</u>   | <u>1,242,353</u>  | <b>1,941,289</b>   | <u>2,088,332</u>   |
| <b>Total funds carried forward</b>                                     | 15   | <u>734,496</u>   | <u>1,411,037</u>  | <b>2,145,533</b>   | <u>1,941,289</u>   |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed above and in note 15 to the financial statements.



## Balance sheets

As at 30 June 2014

|  | Note | The group        |           | The charity      |           |
|--|------|------------------|-----------|------------------|-----------|
|  |      | 2014<br>£        | 2013<br>£ | 2014<br>£        | 2013<br>£ |
| <b>Fixed assets</b>                                |      |                  |           |                  |           |
| Tangible fixed assets                              | 7    | <b>1,078,384</b> | 1,051,244 | <b>1,078,384</b> | 1,051,244 |
| Investments  | 8    | -                | -         | <b>1</b>         | 1         |
| <b>Total fixed assets</b>                          |      | <b>1,078,384</b> | 1,051,244 | <b>1,078,385</b> | 1,051,245 |
| <b>Current assets</b>                              |      |                  |           |                  |           |
| Debtors  | 10   | <b>987,076</b>   | 578,498   | <b>964,155</b>   | 498,862   |
| Cash held as short-term deposits                   |      | -                | 180,498   | -                | 180,498   |
| Cash at bank and in hand                           |      | <b>698,919</b>   | 751,302   | <b>598,850</b>   | 670,945   |
| <b>Total current assets</b>                        |      | <b>1,685,995</b> | 1,510,298 | <b>1,563,005</b> | 1,350,305 |
| <b>Liabilities</b>                                 |      |                  |           |                  |           |
| Creditors: amounts due within 1 year               | 11   | <b>424,998</b>   | 340,661   | <b>301,559</b>   | 197,238   |
| <b>Net current assets</b>                          |      | <b>1,260,997</b> | 1,169,637 | <b>1,261,446</b> | 1,153,067 |
| <b>Total assets less current liabilities</b>       |      | <b>2,339,381</b> | 2,220,881 | <b>2,339,831</b> | 2,204,312 |
| <b>Creditors: Amounts falling due after 1 year</b> | 12   | <b>193,848</b>   | 279,592   | <b>193,848</b>   | 262,574   |
| <b>Net assets</b>                                  | 14   | <b>2,145,533</b> | 1,941,289 | <b>2,145,983</b> | 1,941,738 |
| <b>Funds</b>                                       |      |                  |           |                  |           |
| Restricted funds                                   | 15   | <b>800,485</b>   | 714,087   | <b>800,485</b>   | 714,087   |
| Restricted funds in deficit                        |      | <b>(65,989)</b>  | (15,151)  | <b>(65,989)</b>  | (15,151)  |
| Unrestricted funds                                 |      |                  |           |                  |           |
| Designated funds                                   |      | <b>710,503</b>   | 671,028   | <b>710,503</b>   | 671,028   |
| General funds                                      |      | <b>700,534</b>   | 571,325   | <b>700,984</b>   | 571,775   |
| <b>Total charity funds</b>                         |      | <b>2,145,533</b> | 1,941,289 | <b>2,145,983</b> | 1,941,739 |

Approved by the trustees on 4 December 2014 and signed on their behalf by

Martin Gillie - Treasurer

**New Economics Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2014**

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**1. Accounting policies**

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary NEF Consulting Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

- b) Grants and project income are recognised in full in the statement of financial activities in the year in which they are received or in the year in which they are receivable, whichever is earlier.
- c) Voluntary income received by way of subscriptions and donations are included in full in the statement of financial activities when received.
- d) 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).
- e) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.
- f) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- Designated funds are unrestricted funds earmarked by the trustees for particular purposes.
- g) All expenses are accounted for on an accruals basis. Expenditure incurred in connection with the specific objects of the charitable company is included under the heading direct charitable expenditure.
- h) Costs of generating funds represents costs incurred in raising funds from major donors, regular givers and other supporters plus those arising from the operations of NEF Consulting.
- i) Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its estimated useful life, at the following rates:

|                               |                   |
|-------------------------------|-------------------|
| Freehold building             | 5% straight line  |
| Fixtures and Fittings         | 25% straight line |
| Computer software & equipment | 25% straight line |

The original cost of land is not depreciated. Fixed assets under £1,000 in value are not capitalised but treated as revenue expenditure in the year of purchase.

## New Economics Foundation

### Notes to the financial statements

#### For the year ended 30 June 2014

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#### 1. Accounting policies (continued)

j) For leases of property and equipment which are considered to be operating lease rentals are charged against revenue on a straight line basis over the length of the lease.

Assets held under finance leases are capitalised and depreciated over the useful economic life of an equivalent owned asset.

k) Income from legacies is accounted for on a receivable basis, and is recognised in full in the financial statements in the period in which probate is granted.

l) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered. Resources expended are allocated to the particular activity where the cost relates directly to that activity. Support costs are allocated according to time spent by staff on their projects.

|                       |     |
|-----------------------|-----|
| Strategic Fundraising | 4%  |
| NEF Consulting        | 25% |
| Great Transition      | 68% |
| Governance            | 3%  |

Governance costs include the management of the foundation's assets, organisational management and compliance with constitutional and statutory requirements.

m) The Foundation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Foundation in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the Foundation to the fund. The Foundation has no liability under the scheme other than for the payment of those contributions.

n) Transfers between funds are made from unrestricted to restricted funds based on decisions made by the trustees. Transfers from and between restricted funds are made only with the permission of the funder.

#### 2. Voluntary income

|   | Restricted | Unrestricted | 2014<br>Total  | 2013<br>Total |
|---|------------|--------------|----------------|---------------|
|   | £          | £            | £              | £             |
| Regular giving and individual donations | -          | 120,618      | <b>120,618</b> | 108,899       |
| AIM Foundation                          | -          | 55,000       | <b>55,000</b>  | 55,000        |
| RH Southern Trust                       | -          | 10,000       | <b>10,000</b>  | 10,000        |
| Rockefeller Philanthropy                | -          | 5,000        | <b>5,000</b>   | 5,000         |
| Other donations                         | -          | -            | -              | 86,464        |
| Total                                   | -          | 190,618      | <b>190,618</b> | 265,363       |

A donation of £333,000 of unrestricted funds from the OAK Foundation to Great Transition Activities is included in unrestricted income for charitable activities.

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2014

3. Resources expended

|  | Strategic<br>fundraising<br>£ | NEF<br>Consulting<br>£ | Great<br>Transition<br>£ | Governance<br>£ | Support<br>£   | 2014<br>Total<br>£ | 2013<br>Total<br>£ |
|--|-------------------------------|------------------------|--------------------------|-----------------|----------------|--------------------|--------------------|
| Staff costs (note 5)                               | 75,165                        | 454,677                | 1,189,608                | 84,198          | 490,010        | <b>2,293,658</b>   | 2,159,654          |
| Direct project costs                               | 17,128                        | 168,110                | 518,761                  | -               | -              | <b>703,999</b>     | 844,250            |
| Communications                                     | -                             | 3,037                  | -                        | -               | 19,941         | <b>22,978</b>      | 28,753             |
| Depreciation                                       | -                             | -                      | -                        | -               | 44,823         | <b>44,823</b>      | 33,391             |
| Legal and professional                             | -                             | -                      | -                        | -               | 15,709         | <b>15,709</b>      | 26,310             |
| Premises   | -                             | -                      | -                        | -               | 22,366         | <b>22,366</b>      | 23,219             |
| Human resources                                    | -                             | 1,079                  | -                        | -               | 15,103         | <b>16,182</b>      | 18,498             |
| Office running costs                               | -                             | 1,067                  | -                        | -               | 60,551         | <b>61,618</b>      | 75,017             |
| Information technology                             | -                             | 4,917                  | -                        | -               | 32,884         | <b>37,801</b>      | 30,305             |
| Preparation for sale of 3 Jonathan Street          | -                             | -                      | -                        | -               | 90,697         | <b>90,697</b>      | -                  |
| Irrecoverable VAT not charged directly to projects | -                             | -                      | -                        | -               | 39,139         | <b>39,139</b>      | 19,460             |
| Other  | -                             | -                      | -                        | -               | 2,862          | <b>2,862</b>       | 4,473              |
| <b>Total</b>                                       | <b>92,293</b>                 | <b>632,887</b>         | <b>1,708,369</b>         | <b>84,198</b>   | <b>834,085</b> | <b>3,351,832</b>   | 3,263,330          |
| Support costs reallocated                          | 28,762                        | 185,152                | 596,802                  | 23,369          | (834,085)      | -                  | -                  |
| <b>Total</b>                                       | <b>121,055</b>                | <b>818,039</b>         | <b>2,305,171</b>         | <b>107,567</b>  | <b>-</b>       | <b>3,351,832</b>   | 3,263,330          |

Support costs have been allocated on the basis of time spent on projects.

## New Economics Foundation

### Notes to the financial statements

#### For the year ended 30 June 2014

#### 4. Net incoming/outgoing resources for the year

This is stated after charging:

|  | 2014           | 2013           |
|--|----------------|----------------|
|  | £              | £              |
| Interest payable                       | 6,090          | 8,848          |
| Depreciation                           | 44,823         | 33,391         |
| Trustees' indemnity insurance          | 6,069          | 4,802          |
| Trustees' remuneration                 | -              | -              |
| Trustees' expenses                     | 1,453          | 857            |
| Directors' emoluments (NEF Consulting) | 126,520        | 121,157        |
| Auditors' remuneration:                |                |                |
| § Audit                                | 11,500         | 12,500         |
| § Grant audits                         | 7,080          | 3,840          |
|  | <u>126,520</u> | <u>121,157</u> |

Trustees' expenses comprise meeting costs for the board throughout the year. No trustees were paid travel and subsistence costs this year (2013: 1).

#### 5. Staff costs and numbers

Staff costs were as follows:

|                       | 2014             | 2013             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Salaries and wages    | 2,045,327        | 1,921,304        |
| Social security costs | 209,968          | 203,299          |
| Pension contributions | 38,363           | 35,051           |
|                       | <u>2,293,658</u> | <u>2,159,654</u> |

At 30 June 2014 £5,273 was outstanding in relation to pension contributions (2013: £5,343)

£11,929 (Salaries - £10,562 and Social security - £1,367) owed in relation to a back-dated pay-rise for NEF Consulting staff for the year ended 30 June 2014 was paid in September 2014.

One employee is remunerated at a rate between £70,000 and £80,000 (2013: one). Pension contributions of £5,737 were paid on behalf of this employee (2013: £5,677).

The average weekly number of employees (full-time equivalent) during the year was as follows:

|                       | 2014        | 2013        |
|-----------------------|-------------|-------------|
|                       | No.         | No.         |
| Strategic Fundraising | 1.6         | 3.0         |
| NEF Consulting        | 10.3        | 9.0         |
| Great Transition      | 33.2        | 28.9        |
| Support Services      | 10.1        | 10.0        |
| Governance            | 1.3         | 1.4         |
|                       | <u>56.5</u> | <u>52.3</u> |

**New Economics Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2014**

**6. 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 Ltd gift aids available profits to the charity. Its charge to corporation tax in the year was:

|                    | <b>2014</b> | 2013 |
|--------------------|-------------|------|
|                    | £           | £    |
| UK Corporation tax | -           | -    |

**7. Tangible fixed assets**

**The group and the charity**

|                               | Freehold<br>land &<br>buildings<br>£ | Computers &<br>Software<br>£ | Furniture &<br>Fittings<br>£ | <b>Totals</b><br>£      |
|-------------------------------|--------------------------------------|------------------------------|------------------------------|-------------------------|
| <b>Cost</b>                   |                                      |                              |                              |                         |
| At the start of the year      | 1,199,610                            | 51,549                       | 4,900                        | <b>1,256,059</b>        |
| Additions                     | 55,508                               | 16,455                       | -                            | <b>71,963</b>           |
| Disposals                     | -                                    | -                            | -                            | -                       |
| At the end of the year        | <u>1,255,118</u>                     | <u>68,004</u>                | <u>4,900</u>                 | <b><u>1,328,022</u></b> |
| <b>Depreciation</b>           |                                      |                              |                              |                         |
| At the start of the year      | 198,203                              | 4,080                        | 2,532                        | <b>204,815</b>          |
| Charge for the year           | 28,330                               | 15,513                       | 980                          | <b>44,823</b>           |
| Disposals                     | -                                    | -                            | -                            | -                       |
| At the end of the year        | <u>226,533</u>                       | <u>19,593</u>                | <u>3,512</u>                 | <b><u>249,638</u></b>   |
| <b>Net book value</b>         |                                      |                              |                              |                         |
| <b>At the end of the year</b> | <u><b>1,028,585</b></u>              | <u><b>48,411</b></u>         | <u><b>1,388</b></u>          | <u><b>1,078,384</b></u> |
| At the start of the year      | <u>1,001,407</u>                     | <u>47,469</u>                | <u>2,368</u>                 | <u>1,051,244</u>        |

Expenditure on Freehold land & buildings in the year relates to the purchase of a new office property to which NEF and NEF Consulting will move in April 2015. The current office at 3 Jonathan Street will be sold at that time. These additions have not been depreciated as the office will not be brought into use until after 30 June 2014.

## New Economics Foundation

### Notes to the financial statements

#### For the year ended 30 June 2014

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#### 8. 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 is used for primary purpose trading activities. The subsidiary commenced trading in July 2008. 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:

|   | 2014<br>£        | 2013<br>£        |
|---|------------------|------------------|
| Turnover  | 895,966          | 805,798          |
| Cost of sales   | <u>(380,179)</u> | <u>(368,515)</u> |
| <b>Gross Profit</b>                                     | <b>515,787</b>   | 437,283          |
| Distribution costs                                      | <b>(17,934)</b>  | (15,978)         |
| Administrative expenses                                 | <u>(433,158)</u> | <u>(390,985)</u> |
| <b>Operating profit</b>                                 | <b>64,695</b>    | 30,320           |
| Interest payable  | <u>(2,049)</u>   | <u>(3,904)</u>   |
| <b>Profit on ordinary activities</b>                    | <b>62,646</b>    | 26,416           |
| Charitable donation to parent undertaking               | <u>(62,646)</u>  | <u>(13,110)</u>  |
| <b>Profit for financial year</b>                        | -                | 13,306           |
| Realised gain on sale of intangible assets              | <u>-</u>         | <u>39,255</u>    |
| <b>Net result for financial year</b>                    | -                | 52,561           |
| Accumulated loss at the start of the year               | <u>(450)</u>     | <u>(53,011)</u>  |
| Accumulated loss at the end of the year                 | <u>(450)</u>     | <u>(450)</u>     |
| The aggregate of the assets, liabilities and funds was: |                  |                  |
| Assets  | <b>308,212</b>   | 238,866          |
| Liabilities   | <u>(308,662)</u> | <u>(239,316)</u> |
| Funds   | <u>(450)</u>     | <u>(450)</u>     |

#### 9. Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

|                      | 2014<br>£             | 2013<br>£        |
|----------------------|-----------------------|------------------|
| Gross income         | <b>2,861,674</b>      | 2,384,284        |
| Results for the year | <u><b>204,244</b></u> | <u>(199,606)</u> |

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2014

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10. Debtors

|                             | The group      |         | The charity    |         |
|-----------------------------|----------------|---------|----------------|---------|
|                             | 2014           | 2013    | 2014           | 2013    |
|                             | £              | £       | £              | £       |
| Trade debtors               | <b>247,887</b> | 345,239 | <b>138,058</b> | 203,286 |
| Amounts due from subsidiary | -              | -       | <b>185,222</b> | 78,874  |
| Prepayments                 | <b>34,646</b>  | 28,768  | <b>29,665</b>  | 26,203  |
| Accrued income              | <b>704,543</b> | 204,491 | <b>611,210</b> | 190,499 |
|                             | <b>987,076</b> | 578,498 | <b>964,155</b> | 498,862 |

11. Creditors: amounts due within 1 year

|                                    | The group      |         | The charity    |         |
|------------------------------------|----------------|---------|----------------|---------|
|                                    | 2014           | 2013    | 2014           | 2013    |
|                                    | £              | £       | £              | £       |
| Bank loans (see note 13)           | <b>85,427</b>  | 99,421  | <b>68,726</b>  | 67,805  |
| Other taxation and social security | <b>113,080</b> | 72,452  | <b>100,686</b> | 61,072  |
| Other creditors                    | <b>98,101</b>  | 82,108  | <b>55,790</b>  | 48,444  |
| Accruals                           | <b>34,783</b>  | 21,192  | <b>32,659</b>  | 19,917  |
| Deferred income                    | <b>93,607</b>  | 65,488  | <b>43,698</b>  | -       |
|                                    | <b>424,998</b> | 340,661 | <b>301,559</b> | 197,238 |



New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2014

12. Creditors: amounts falling due after 1 year

|                         | The group      |         | The charity    |         |
|-------------------------|----------------|---------|----------------|---------|
|                         | 2014           | 2013    | 2014           | 2013    |
|                         | £              | £       | £              | £       |
| Bank Loan (see note 14) | <b>193,848</b> | 279,592 | <b>193,848</b> | 262,574 |

13. Long-term loans

The charity has a loan from Triodos Bank which is secured by a charge on No.3 Jonathan Street, London, SE11 5NH. Interest is charged at the Royal Bank of Scotland base rate in force at the time, plus a margin of 0.85%. The subsidiary has an unsecured loan from the Esmée Fairbairn Foundation which bears an interest charge of 6%. The loans are repayable in instalments due as follows:

|                  | The group      |         | The charity    |         |
|------------------|----------------|---------|----------------|---------|
|                  | 2014           | 2013    | 2014           | 2013    |
|                  | £              | £       | £              | £       |
| Less than 1 year | <b>85,427</b>  | 99,421  | <b>68,726</b>  | 67,805  |
| 2 - 5 years      | <b>193,848</b> | 279,592 | <b>193,848</b> | 262,574 |
|                  | <b>279,275</b> | 379,013 | <b>262,574</b> | 330,379 |

14. Analysis of group net assets between funds

|   | Restricted funds | Designated funds | General funds  | Total funds      |
|---|------------------|------------------|----------------|------------------|
|   | £                | £                | £              | £                |
| Tangible fixed assets                       | -                | 973,077          | 105,307        | <b>1,078,384</b> |
| Net current assets                          | 734,496          | (68,726)         | 595,227        | <b>1,260,997</b> |
| Creditors: amounts falling due after 1 year | -                | (193,848)        | -              | <b>(193,848)</b> |
| <b>Net assets at the end of the year</b>    | <b>734,496</b>   | <b>710,503</b>   | <b>700,534</b> | <b>2,145,533</b> |

## New Economics Foundation

### Notes to the financial statements

For the year ended 30 June 2014

#### 15. Movements in funds

|   | At the start<br>of the year<br>£ | Incoming<br>resources<br>£ | Outgoing<br>resources<br>£ | Transfers<br>£ | At the end<br>of the year<br>£ |
|---|----------------------------------|----------------------------|----------------------------|----------------|--------------------------------|
| <b>Restricted funds:</b>                                  |                                  |                            |                            |                |                                |
| Adessium Foundation                                       | -                                | 127,060                    | (52,066)                   | -              | <b>74,994</b>                  |
| AIM Foundation  | 3,759                            | 55,000                     | (38,431)                   | -              | <b>20,328</b>                  |
| Artists Project Earth                                     | 5,000                            | -                          | (5,000)                    | -              | -                              |
| Bscope  | -                                | 11,225                     | (5,330)                    | -              | <b>5,895</b>                   |
| Barrow Cadbury Trust                                      | 6,294                            | 7,250                      | (20,330)                   | 9,834          | <b>3,048</b>                   |
| Bielenberg Family Foundation                              | -                                | 11,225                     | (11,225)                   | -              | -                              |
| Calouste Gulbenkian Foundation                            | 20,356                           | 31,700                     | (52,056)                   | -              | -                              |
| City Bridge Trust   | 5,529                            | 7,000                      | (9,731)                    | -              | <b>2,798</b>                   |
| * European Commission - Interreg                          | (14,107)                         | 82,203                     | (123,904)                  | -              | <b>(55,808)</b>                |
| European Commission - FP7                                 | 8,929                            | 113,590                    | (140,957)                  | 38,098         | <b>19,660</b>                  |
| Everyone at Lots Road Auctions                            | -                                | 10,000                     | (10,000)                   | -              | -                              |
| HACAN East  | -                                | 20,000                     | (27,256)                   | 7,256          | -                              |
| The Hadley Trust  | 104,717                          | 200,074                    | (219,015)                  | 3,103          | <b>88,879</b>                  |
| John Ellerman Foundation                                  | -                                | 30,000                     | (17,281)                   | -              | <b>12,719</b>                  |
| Joseph Rowntree Charitable Trust                          | -                                | 25,000                     | (23,900)                   | -              | <b>1,100</b>                   |
| Joseph Rowntree Foundation                                | 5,386                            | 5,100                      | (9,960)                    | -              | <b>526</b>                     |
| Kestrelman Trust  | -                                | 25,000                     | -                          | -              | <b>25,000</b>                  |
| LankellyChase Foundation                                  | 9,101                            | -                          | (9,101)                    | -              | -                              |
| Arts Council England                                      | -                                | 44,955                     | (31,944)                   | -              | <b>13,011</b>                  |
| * The Nationwide Foundation                               | -                                | 37,667                     | (47,848)                   | -              | <b>(10,181)</b>                |
| Nesta and the Cabinet Office                              | (1,044)                          | 14,090                     | (9,398)                    | -              | <b>3,648</b>                   |
| Network for Social Change                                 | 40,932                           | 165,610                    | (151,725)                  | -              | <b>54,817</b>                  |
| OAK Foundation  | 36,708                           | 83,982                     | (37,297)                   | -              | <b>83,393</b>                  |
| Office of the First Minister and<br>Deputy First Minister | 24,854                           | 67,368                     | (72,845)                   | -              | <b>19,377</b>                  |
| Oxfam GB  | 6,952                            | 10,000                     | (38,130)                   | 21,178         | -                              |
| Paul Hamlyn Foundation                                    | 46,568                           | -                          | (43,942)                   | -              | <b>2,626</b>                   |
| R H Southern Trust  | 24,565                           | 10,000                     | (28,808)                   | -              | <b>5,757</b>                   |
| The Roddick Foundation                                    | -                                | 25,000                     | (25,000)                   | -              | -                              |
| Roger de Freitas  | -                                | 10,000                     | -                          | -              | <b>10,000</b>                  |
| The Connecticut Kommonia<br>CharitableTrust               | 17,300                           | 17,300                     | (19,564)                   | -              | <b>15,036</b>                  |
| People's Health Trust                                     | -                                | 20,000                     | (20,708)                   | 708            | -                              |
| Sciencewise and the Cabinet Office                        | -                                | 180,000                    | (143,695)                  | -              | <b>36,305</b>                  |
| Stichting DOEN  | 74,922                           | 48,545                     | (100,938)                  | -              | <b>22,529</b>                  |
| The Tedworth Charitable Trust                             | -                                | 15,000                     | (15,000)                   | -              | -                              |
| Carried forward   | <u>426,721</u>                   | <u>1,510,944</u>           | <u>(1,562,385)</u>         | <u>80,177</u>  | <u><b>455,457</b></u>          |

## New Economics Foundation

### Notes to the financial statements

For the year ended 30 June 2014

#### 15. Movements in funds (continued)

|   | At the start<br>of the year<br>£ | Incoming<br>resources<br>£ | Outgoing<br>resources<br>£ | Transfers<br>£  | At the end<br>of the year<br>£ |
|---|----------------------------------|----------------------------|----------------------------|-----------------|--------------------------------|
| <b>Restricted funds (continued):</b>        |                                  |                            |                            |                 |                                |
| Brought forward                             | 426,721                          | 1,510,944                  | (1,562,385)                | 80,177          | <b>455,457</b>                 |
| Tinsley Charitable Trust                    | -                                | 25,000                     | (25,000)                   | -               | -                              |
| Trust for London                            | -                                | 11,500                     | (5,094)                    | -               | <b>6,406</b>                   |
| The Tudor Trust                             | 12,965                           | 40,000                     | (53,988)                   | 1,023           | -                              |
| The Waterloo Foundation                     | 6,833                            | 52,000                     | (58,833)                   | -               | -                              |
| Tubney Charitable Trust                     | 248,924                          | 888                        | (97,999)                   | -               | <b>151,813</b>                 |
| The Van Neste Foundation                    | -                                | 10,000                     | (10,000)                   | -               | -                              |
| The VELUX Foundations                       | -                                | 115,158                    | (9,990)                    | -               | <b>105,168</b>                 |
| Wandsworth Community Empowerment<br>Network | -                                | 15,000                     | (9,529)                    | -               | <b>5,471</b>                   |
| Walton on Thames Charity                    | -                                | 10,000                     | -                          | -               | <b>10,000</b>                  |
| Funds less than £5,000                      | 3,493                            | 13,733                     | (17,874)                   | 829             | <b>181</b>                     |
| <b>Total restricted funds</b>               | <b>698,936</b>                   | <b>1,804,223</b>           | <b>(1,850,692)</b>         | <b>82,029</b>   | <b>734,496</b>                 |
| <b>Unrestricted funds:</b>                  |                                  |                            |                            |                 |                                |
| Designated fund                             | 671,028                          | -                          | (28,330)                   | 67,805          | <b>710,503</b>                 |
| General funds                               | 571,325                          | 1,751,853                  | (1,472,810)                | (149,834)       | <b>700,534</b>                 |
| <b>Total unrestricted funds</b>             | <b>1,242,353</b>                 | <b>1,751,853</b>           | <b>(1,501,140)</b>         | <b>(82,029)</b> | <b>1,411,037</b>               |
| <b>Total funds</b>                          | <b>1,941,289</b>                 | <b>3,556,076</b>           | <b>(3,351,832)</b>         | <b>-</b>        | <b>2,145,533</b>               |

\* We continue to seek match funding for the European Commission project in deficit. Activity on the project funded by the Nationwide Foundation is running ahead of plan resulting in an earlier than anticipated use of resources.

#### Purposes 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](http://www.neweconomics.org)) for more information about our work.

#### Purposes of designated funds

Designated funds relate to a transfer of reserves relating to freehold land and building less the loan on 3 Jonathan Street as these funds do not represent liquid reserves available for charitable purposes by NEF.

#### Transfers between funds

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.

**New Economics Foundation**

**Notes to the financial statements**

**For the year ended 30 June 2014**

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**16. Related Party Transactions**

Payments totalling £15,750 (2013: £6,000) were made to Landman Economics in respect of consultancy services provided to NEF Consulting. Howard Reed, a Trustee of NEF, is Director of Landman Economics. At 30 June 2014 there was £7,000 outstanding between NEF Consulting and Landman Economics.