

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

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2017



Company Registration No. 755502
Registered Charity No. 235351

The Institute of Economic Affairs

TRUSTEES' REPORT

REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 755502

Charity Registration Number: 235351

TRUSTEES

| | |
|---------------------------|------------------------|
| Neil Record | Chairman |
| Kevin Bell | |
| Robert Boyd | Treasurer |
| Robin Edwards | Appointed 7 March 2017 |
| Michael Fisher | Retired 7 March 2017 |
| Sir Michael Hintze | |
| Professor Patrick Minford | |
| Professor Mark Pennington | |
| Bruno Prior | |
| Professor Martin Ricketts | |
| Linda Whetstone | |

DIRECTOR GENERAL – responsible for day to day management.
Mark Littlewood

RESEARCH DIRECTOR

Jamie Whyte

SECRETARY

C Rusbridge

REGISTERED OFFICE

2 Lord North Street
Westminster
London SW1P 3LB

AUDITOR

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

BANKERS

Barclays Bank PLC
Leicester
LE87 2BB

INVESTMENT MANAGERS

CCLA Investment Management Limited
BNY Mellon Fund Managers Limited
M & G Securities Limited
Vanguard Asset Management

The Institute of Economic Affairs

TRUSTEES' REPORT

The Trustees present their report together with the financial statements of the Institute of Economic Affairs for the financial year ended 31 December 2017.

The financial statements comply with the Charities Act 2011, The Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (published on 16 July 2014).

STATUS

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

As stated in note 17, the partner of the Director General is an employee of the charity.

OBJECTIVES AND ACTIVITIES

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

Academic programmes:

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

Fundraising and subscriber support.

PUBLIC BENEFIT

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

The Institute of Economic Affairs

TRUSTEES' REPORT

REVIEW OF ACHIEVEMENTS

Our mission is: "To improve understanding of the fundamental institutions of a free society by analysing and expounding the role of markets in solving economic and social problems."

We aim to achieve our mission by undertaking the activities listed above. We continue to seek flexibility in responding to potential changes, both in income and in programme opportunities.

In 2017 the IEA published high-quality and high-profile books and research papers on a wide range of policy areas. Topics ranged from post-Brexit trade to the gig economy, from markets and property rights to alcohol taxation. The IEA published the final two instalments of its series on the costs of obesity, smoking, and alcohol on the public purse. The IEA also examined the government's role in pre-school and childcare, the economic impact of restrictions on migration and much more.

2017 marked the second year of the Paragon Initiative, a five-year programme providing a fundamental reassessment of what Government should - and shouldn't - do. This embraced research on major issues such as the UK's healthcare time bomb, the importance of free trade to a post-Brexit Britain, the role of the state in education, and more. Each Paragon publication is targeted to prominent journalists as well as key influencers in government, business and civil society.

In 2017 the IEA announced the winners of the inaugural Richard Koch Breakthrough Prize. This essay competition was aimed at identifying new free market ways of reducing poverty and disadvantage within the UK. It attracted entries from scholars, students, politicians and business people and was won by two recent Cambridge graduates, Mark Feldner and Mathew Bonnon.

The year also saw the launch of two more major initiatives: the Brexit Unit and the Financial Services Unit. The Brexit Unit makes the intellectual case for a vibrant, open and enterprising post-Brexit Britain, whilst the Financial Services Unit provides expert analysis, media commentary and political outreach on financial regulatory issues.

A key part of the IEA's mission is to inspire young people to become engaged with economics and specifically free market economics and, across the year, we continued to expand our programme, which is the biggest of its kind in the UK. Across the year, we hosted over 200 students in our intern programme, staged sixth form conferences throughout the UK (coming face to face with over 4,000 students) and reached tens of thousands more through publication of EA magazine - the UK's first ever free market magazine written and designed for the 16-25 age group. In addition, we held our Third Annual THINK Conference, bringing together leading speakers from around the world to discuss key issues such as health, education and innovation and attended by 600 16-25-year-olds. We also launched our Oxbridge Training Day Opportunity Fund, allowing potential Oxbridge applicants to learn about the application process, refine their interview skills, and hear from successful Oxbridge graduates. This programme reimburses travel costs - helping young people who might otherwise be unable to attend.

Communicating research and advocating the case for free markets is a key part of the IEA's activity, and in 2017 we increased our media and online/social media presence by over 30%. On average, an IEA spokesperson now features five times a day across all media platforms, including television, radio, press and online.

The IEA attracted record numbers for our digital platforms. Our website was viewed more than 1 million times, our social media followings continued to grow and over 160,000 people watched our eight most popular ieaTV films.

The launch of the podcast series IEA Conversations: Live from Lord North Street was a spectacular success - immediately reaching no. 18 in the iTunes podcast chart and no. 4 on the iTunes News & Politics chart.

Also, in 2017, EPICENTER, our European network of think tanks, continued to grow, adding think tanks from Poland and Denmark to the network - which now comprises eight leading think tanks across Europe.

The Institute of Economic Affairs

TRUSTEES' REPORT

The publication of EPICENTER's Nanny State Index - a league table ranking policies that have an adverse impact on consumers – was accompanied by a full day conference in Brussels, featuring high level discussions and debates between MEPs, industry experts, think tankers and regulators.

Over 30,000 people followed the live tweets of the conference, over 10,000 read the publication on the EPICENTER website and other online platforms and the index attracted extensive coverage in more than 15 countries.

Brussels was also the venue for the IEA's second annual INNOV8 conference, which looks at innovation, policy, and regulation within the EU, and covers topics such as agriculture, finance and artificial intelligence. The conference featured a variety of MEPs and attracted over 100 attendees. Across social media, INNOV8 became one of the top trending topics in Brussels and engaged with an audience of more than 40,000 across Twitter and Facebook. INNOV8 continues to bring together stakeholders, journalists, parliamentarians and the think tank world to discuss the future challenges and opportunities presented by innovation.

The IEA's objectives are essentially long-term in nature and it remains extremely difficult to assess from year to year the extent of 'public understanding' and changes therein. We measure the volume of many of our activities, aim to maintain or improve their quality and regularly introduce new and innovative ways of pursuing those objectives.

All our main publications are refereed by independent scholars and we benefit from a network of distinguished academic advisers. We hold a formal meeting of academic advisers once a year, under the chairmanship of Professor Martin Ricketts, one of our Trustees.

Continuing themes of the IEA's work are: over-regulation; systemic problems in the welfare state, including social security, education and health services; infrastructure deficiencies; and other aspects of government interference.

FINANCIAL REVIEW

Total income for the year was £2,132,000 (2016: £1,913,000) and total expenditure was £2,327,000 (2016: £2,355,000). After taking account of gains on investments of £131,000 (2016: £279,000), there was a net reduction in funds of £64,000 (2016: £163,000) in the year. Restricted income was £704,000 (2016: £702,000) compared with expenditure on restricted projects of £811,000 (2016: £739,000). Investment income on the Ralph Harris Endowment Fund during the year amounted to £44,000 (2016: £47,000). Total net assets were maintained at £3,616,000 (2016: £3,680,000). The financial statements, together with the notes thereto, expand on these outline details.

Our income mainly comprises donations from individuals, companies, foundations and personal trusts, together with revenue from sales of publications and from conferences and income from investments. We do not accept donations or grants from government. It is a feature of the modern UK scene that all too many so-called "charities" do receive much – in many cases most – of their funds from government (that is, from taxpayers). The Finance and General Purposes Committee, and the full Board of Managing Trustees, regularly review the amount of donations. There has been a 22% increase in the amount of donations in 2017, compared with 2016. We are grateful to all our donors for supporting our work.

GRANT MAKING POLICY

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

INVESTMENT AND RESERVES POLICIES

The Institute's educational mission has a long-term orientation, as noted above, whereas our ability to carry out our work depends on attracting annual donations in a highly competitive fund-raising environment.

The Institute of Economic Affairs

TRUSTEES' REPORT

Accordingly, the Trustees' policy is to invest conservatively, largely in equity funds, fixed interest funds and government securities. The Ralph Harris Fund is invested with a long-term time horizon. Income on investments is used to support the IEA's work. The Treasurer and the Finance and General Purposes Committee regularly review investment results. During the year, the rate of return on investments has been approximately 6%.

The Trustees' policy on reserves, which is reviewed annually, is to have sufficient liquid funds on hand to cover two months of budgeted expenditure, which amounts to approximately £350,000. We believe this is adequate, under normal circumstances, to enable us to maintain operations in the event of seasonal or other fluctuations in donations and/or expenditure. This target has been met in that there was cash at bank and in hand of £160,000 at the year-end plus the cash deposits held within general funds of £7,000, and the Ralph Harris Fund of £376,000 which are available to endow the position of the Director General of the IEA. A transfer of £400,000, comprising £200,000 for each of 2017 and 2018, has been made during the year in this respect. The Trustees do not seek to accumulate reserves, but rather to apply donations in support of the Institute's programmes in accordance with donors' intent.

The free reserves of the charity as at 31 December 2017, defined as being unrestricted, undesignated funds not represented by tangible fixed assets, amounted to £294,000 (2016: £8,000).

RISK REVIEW

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

Reputational risk centres on the quality and integrity of the Institute's research and publications and other activities. As noted above, all the IEA's major publications are peer reviewed. The system was managed in 2017 by the outgoing Academic and Research Director, Professor Philip Booth, the incoming Research Director, the prizewinning author and academic, Jamie Whyte, and supervised by the Chairman of our Academic Advisory Board, Professor Martin Ricketts.

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

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

Financial risks and uncertainties are largely covered by the Reserves and Investment policies noted above.

The Trustees examine at least once a year the major strategic, operational and financial risks and uncertainties which the Institute faces, either at regular or special Board meetings, or through the Finance and General Purposes Committee.

FUTURE PLANS

The Institute intends to enhance its activities still further in 2018 and beyond.

This includes building on our long-established programme of research and publications; the growth of our student/teacher outreach; the continuation of our intense media activity and the further development of our digital output (including our website, IEA TV and our social media activity). These activities will be supported by the IEA's new International Trade and Competition Unit, under the directorship of Shanker Singham.

The Institute of Economic Affairs

TRUSTEES' REPORT

TRUSTEES

The following were Trustees (who are directors for the purposes of company law) at the time of signing this report and financial statements. They all held office throughout the year 2017 and up to the date of signing this report, unless otherwise stated.

| | |
|---------------------------|------------------------|
| Neil Record | Chairman |
| Kevin Bell | |
| Robert Boyd | Treasurer |
| Robin Edwards | Appointed 7 March 2017 |
| Michael Fisher | Retired 7 March 2017 |
| Sir Michael Hintze | |
| Professor Patrick Minford | |
| Professor Mark Pennington | |
| Bruno Prior | |
| Professor Martin Ricketts | |
| Linda Whetstone | |

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

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

PAY POLICY FOR SENIOR STAFF

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

TAXATION STATUS

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

AUDITOR

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

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in July 2014) (Charities SORP (FRS102)). The Trustees have taken advantage of the exemptions available under the small companies' regime from the requirement to prepare a strategic report and in preparing the Trustees' Report.

By order of the board

Neil Record
Chairman

15/5.....2018



The Institute of Economic Affairs

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the Institute of Economic Affairs for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the Trustees are aware:

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

By order of the board


Neil Record
Chairman

15/5 2018

The Institute of Economic Affairs

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

For the year ended 31 December 2017

We have audited the financial statements of the Institute of Economic Affairs, the charitable company, for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

The Institute of Economic Affairs

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

For the year ended 31 December 2017

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 7, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

RSM UK Audit LLP

SARAH MASON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Bucks

MK9 1BP

31 May 2018

The Institute of Economic Affairs
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
For the year ended 31 December 2017

| | Notes | Unrestricted funds £000 | Restricted funds £000 | Endowment fund £000 | Total 2017 £000 | Total 2016 £000 |
|--|-----------------|-------------------------------|-----------------------------|---------------------------|-----------------------|-----------------------|
| INCOME FROM: | | | | | | |
| Donations | 2 | 1,310 | 698 | - | 2,008 | 1,641 |
| Charitable activities: | | | | | | |
| Publications and subscriptions | | 16 | - | - | 16 | 42 |
| Special events | | 42 | - | - | 42 | 136 |
| Other trading activities | | 16 | - | - | 16 | 40 |
| Investments: | | | | | | |
| Dividends receivable | | - | 6 | 36 | 42 | 44 |
| Interest receivable | | - | - | 8 | 8 | 10 |
| TOTAL | | 1,384 | 704 | 44 | 2,132 | 1,913 |
| EXPENDITURE ON: | | | | | | |
| Raising Funds: | | | | | | |
| Fundraising and subscriber support | | 355 | 12 | - | 367 | 322 |
| Charitable activities: | | | | | | |
| Academic programme: | | | | | | |
| Research and Publications | | 384 | 452 | - | 836 | 835 |
| Student/Teacher outreach | | 378 | 248 | - | 626 | 572 |
| Special Events | | 40 | - | - | 40 | 135 |
| Communications | | 359 | 99 | - | 458 | 491 |
| TOTAL | 3 | 1,516 | 811 | - | 2,327 | 2,355 |
| Net Gains on Investments: | | | | | | |
| Realised gains on disposals | | - | - | 16 | 16 | 119 |
| Unrealised gains | | - | 27 | 88 | 115 | 160 |
| NET (EXPENDITURE)/INCOME | 4 | (132) | (80) | 148 | (64) | (163) |
| Transfers between funds | | 400 | - | (400) | - | - |
| NET MOVEMENT IN FUNDS | | 268 | (80) | (252) | (64) | (163) |
| RECONCILIATION OF FUNDS: | | | | | | |
| TOTAL FUNDS BROUGHT FORWARD | 11,12, 13,14 | 628 | 469 | 2,583 | 3,680 | 3,843 |
| TOTAL FUNDS CARRIED FORWARD | 11,12, 13,14 | 896 | 389 | 2,331 | 3,616 | 3,680 |

All of the operations for both years are continuing. There were no recognised gains or losses other than those stated above.

The Institute of Economic Affairs

BALANCE SHEET

As at 31 December 2017

Company Registration No. 755502

Registered Charity No. 235351

| | Notes | 2017 | 2016 |
|---|-------|--------------|--------------|
| | | £000 | £000 |
| FIXED ASSETS | | | |
| Tangible assets | 7 | 602 | 620 |
| Investments | 8 | 2,629 | 2,879 |
| | | <u>3,231</u> | <u>3,499</u> |
| CURRENT ASSETS | | | |
| Debtors | 9 | 477 | 385 |
| Cash at bank and in hand | | 160 | 9 |
| | | <u>637</u> | <u>394</u> |
| CREDITORS: Amounts falling due within one year | 10 | (252) | (213) |
| NET CURRENT ASSETS | | <u>385</u> | <u>181</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES, AND NET ASSETS | | <u>3,616</u> | <u>3,680</u> |
| THE FUNDS OF THE CHARITY: | | | |
| Endowment fund | 11 | 2,331 | 2,583 |
| Restricted funds | 12,14 | 389 | 469 |
| Unrestricted funds | 13,14 | 896 | 628 |
| TOTAL FUNDS | 14 | <u>3,616</u> | <u>3,680</u> |

The financial statements on pages 10 to 23 were approved by the Trustees and authorised for issue on 15 May 2018 and are signed on their behalf by:



Neil Record
Chairman

15/5/2018

The Institute of Economic Affairs

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

| | | 2017 £000 | 2016 £000 |
|---|-----|--------------|--------------|
| Net cash used in operating activities | (A) | (280) | (499) |
| Cash flows from investing activities: | | | |
| Dividends and interest | | 50 | 54 |
| Proceeds from sale of investments | | 2,453 | 666 |
| Purchase of investments | | (2,072) | (456) |
| Net cash provided by investing activities | | 431 | 264 |
| Change in cash and cash equivalents in the year | | 151 | (235) |
| Cash and cash equivalents at 1 January | | 9 | 244 |
| Cash and cash equivalents at 31 December | | 160 | 9 |
| (A) | | | |
| RECONCILIATION OF NET INCOME/(EXPENDITURE) | | | |
| TO NET CASH USED IN OPERATIONS: | | | |
| Net expenditure for the reporting period (as per the statement of financial activities) | | (64) | (163) |
| Adjustments for: | | | |
| Depreciation charges | | 18 | 18 |
| Gains on investments | | (131) | (279) |
| Dividends and interest | | (50) | (54) |
| Increase in debtors | | (92) | (84) |
| Increase in creditors | | 39 | 63 |
| Net cash used in operating activities | | (280) | (499) |

The Institute of Economic Affairs

ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND GOING CONCERN

The Institute of Economic Affairs (IEA) is a charitable company limited by guarantee. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recognised at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective January 2015, the Charities Act 2011, and the Companies Act 2006. The Institute constitutes a public benefit entity as defined by FRS 102.

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

TANGIBLE FIXED ASSETS

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

| | |
|-------------------|---------------|
| Freehold property | over 40 years |
| Office equipment | over 3 years |

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

STOCKS AND WORK IN PROGRESS

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

PENSION CONTRIBUTIONS

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

INCOME

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

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

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

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

EXPENDITURE

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

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

All costs are allocated between expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources e.g. by floor space. Staff costs have been allocated according to the time spent on each activity.

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ACCOUNTING POLICIES (continued)

FOREIGN CURRENCY

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

RESEARCH EXPENDITURE

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

ENDOWMENT FUND

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

UNRESTRICTED FUNDS

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

RESTRICTED FUNDS

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

OPERATING LEASES

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

FINANCIAL INSTRUMENTS

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

Financial assets:

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

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

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

Financial liabilities:

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

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical areas of judgement:

Leases – in categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the charity as lessee.

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES

| | Notes | Unrestricted funds £000 | Restricted funds £000 | Endowment fund £000 | Total 2016 £000 |
|------------------------------------|----------------|-------------------------------|-----------------------------|---------------------------|-----------------------|
| INCOME FROM: | | | | | |
| Donations | 2 | 945 | 696 | - | 1,641 |
| Charitable Activities: | | | | | |
| Publications and Subscriptions | | 42 | - | - | 42 |
| Events | | 136 | - | - | 136 |
| Other Trading Activities | | 40 | - | - | 40 |
| Investments: | | | | | |
| Dividends receivable | | - | 6 | 38 | 44 |
| Interest receivable | | 1 | - | 9 | 10 |
| TOTAL | | 1,164 | 702 | 47 | 1,913 |
| EXPENDITURE ON: | | | | | |
| Fundraising and subscriber support | | 275 | 47 | - | 322 |
| Charitable activities: | | | | | |
| Academic programme: | | | | | |
| Publications | | 510 | 325 | - | 835 |
| Student/Teacher outreach | | 274 | 298 | - | 572 |
| Special Events | | 135 | - | - | 135 |
| Communications | | 422 | 69 | - | 491 |
| TOTAL | 3 | 1,616 | 739 | - | 2,355 |
| Net Gains on Investments: | | | | | |
| Realised gains on disposals | | - | - | 119 | 119 |
| Unrealised losses | | - | 32 | 128 | 160 |
| NET (EXPENDITURE)/INCOME | 4 | (452) | (5) | 294 | (163) |
| Transfers between funds | | 200 | - | (200) | - |
| NET MOVEMENT IN FUNDS | | (252) | (5) | 94 | (163) |
| RECONCILIATION OF FUNDS: | | | | | |
| TOTAL FUNDS BROUGHT FORWARD | 11,12 13,14 | 880 | 474 | 2,489 | 3,843 |
| TOTAL FUNDS CARRIED FORWARD | 11,12 13,14 | 628 | 469 | 2,583 | 3,680 |

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

| | | | |
|---|--|--------------|--------------|
| 2 | DONATIONS | 2017 £000 | 2016 £000 |
| | Foundations, corporate and individuals | | |
| | Restricted | 698 | 696 |
| | Unrestricted | 1,310 | 945 |
| | | <u>2,008</u> | <u>1,641</u> |

| | | | | |
|---|------------------------------------|-------------------------|--------------------------|-----------------------|
| 3 | ALLOCATION OF COSTS 2017 | Direct Costs £000 | Support costs £000 | 2017 Total £000 |
| | Fundraising and subscriber support | 33 | 334 | 367 |
| | Research and Publications | 178 | 658 | 836 |
| | Student/Teacher Outreach | 223 | 403 | 626 |
| | Special Events | 23 | 17 | 40 |
| | Communications | 121 | 337 | 458 |
| | | <u>578</u> | <u>1,749</u> | <u>2,327</u> |

ALLOCATION OF SUPPORT COSTS 2017

| | |
|-----------------|--------------|
| Personnel costs | 1,528 |
| Office costs | 154 |
| Property costs | 57 |
| Travel costs | 10 |
| | <u>1,749</u> |

Support costs have been allocated as follows:

| | | |
|------------------------------------|------------------|--------------------|
| | Support costs | Personnel Costs |
| Fundraising and subscriber support | 13% | 20% |
| Publications | 35% | 38% |
| Student/Teacher Outreach | 37% | 21% |
| Special Events | 1% | 1% |
| Communications | 14% | 20% |

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

| 3 | <i>ALLOCATION OF COSTS 2016</i> | <i>Direct costs £000</i> | <i>Support costs £000</i> | <i>2016 Total £000</i> |
|---|---|------------------------------|-------------------------------|--------------------------------|
| | <i>Fundraising and subscriber support</i> | 42 | 280 | 322 |
| | <i>Research and Publications</i> | 167 | 668 | 835 |
| | <i>Student/Teacher Outreach</i> | 189 | 383 | 572 |
| | <i>Special Events</i> | 100 | 35 | 135 |
| | <i>Communications</i> | 127 | 364 | 491 |
| | | <u>625</u> | <u>1,730</u> | <u>2,355</u> |

ALLOCATION OF SUPPORT COSTS 2016

| | |
|------------------------|--------------|
| <i>Personnel costs</i> | 1,499 |
| <i>Office costs</i> | 158 |
| <i>Property costs</i> | 67 |
| <i>Travel costs</i> | 6 |
| | <u>1,730</u> |

Support costs have been allocated as follows:

| | <i>Support costs</i> | <i>Personnel costs</i> |
|---|----------------------|------------------------|
| <i>Fundraising and subscriber support</i> | 11% | 17% |
| <i>Research and Publications</i> | 36% | 39% |
| <i>Student/Teacher Outreach</i> | 36% | 20% |
| <i>Special Events</i> | 2% | 2% |
| <i>Communications</i> | 15% | 22% |

| 4 | <i>NET INCOME/(EXPENDITURE)</i> | <i>2017 £000</i> | <i>2016 £000</i> |
|---|---|----------------------|----------------------|
| | Net income/(expenditure) for the year is stated after charging: | | |
| | Depreciation – charge for year | 18 | 18 |
| | Auditor's remuneration | 11 | 11 |
| | Legal fees | 11 | 1 |
| | Operating lease rentals – plant and machinery | 18 | 18 |
| | | <u></u> | <u></u> |

5 **TAXATION**

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

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

| | | | |
|---|--|--------------|--------------|
| 6 | EMPLOYEES | 2017 No. | 2016 No. |
| | The average monthly number of persons employed by the Institute during the year was: | | |
| | Office and management | 24 | 22 |
| | | <hr/> | <hr/> |
| | | 2017 £000 | 2016 £000 |
| | Staff costs for above persons: | | |
| | Wages and salaries, including benefits | 1,007 | 894 |
| | Social security costs | 105 | 97 |
| | Other pension costs | 99 | 91 |
| | | <hr/> | <hr/> |
| | | 1,211 | 1,082 |
| | | <hr/> | <hr/> |
| | The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows: | 2017 No. | 2016 No. |
| | £60,001 - £70,000 | 1 | 1 |
| | £70,001 - £80,000 | - | 1 |
| | £90,001 - £100,000 | - | 1 |
| | £130,000 - £140,000 | 1 | - |
| | | <hr/> | <hr/> |

The employees earning over £60,000 participate in the company defined contribution pension scheme. Contributions paid in the year in respect of these employees amounted to £57,824 (2016: £56,164).

The key management personnel of the Institute comprise the Trustees, the Director General, and the Research Director. The total employee benefits of these key management personnel were £286,922 (2016: £324,288), including pension and social security costs.

No Trustees, or persons related or connected to them, received any remuneration or reimbursement of expenses from the Institute during the year.

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

7 TANGIBLE FIXED ASSETS

| | Freehold property £000 | Office equipment £000 | Total £000 |
|-------------------|------------------------------|-----------------------------|---------------|
| Cost | | | |
| 1 January 2017 | 965 | 95 | 1,060 |
| Disposals in year | - | (71) | (71) |
| 31 December 2017 | <u>965</u> | <u>24</u> | <u>989</u> |
| Depreciation | | | |
| 1 January 2017 | 345 | 95 | 440 |
| Disposals in year | - | (71) | (71) |
| Charged for year | 18 | - | 18 |
| 31 December 2017 | <u>363</u> | <u>24</u> | <u>387</u> |
| Net book value | | | |
| 31 December 2017 | <u>602</u> | <u>-</u> | <u>602</u> |
| 31 December 2016 | <u>620</u> | <u>-</u> | <u>620</u> |

8 FIXED ASSET INVESTMENTS

| | Open-end funds £000 | Cash held on deposit £000 | Total £000 |
|-------------------------------------|---------------------------|---------------------------------|---------------|
| Market value at | | | |
| 1 January 2017 | 2,396 | 483 | 2,879 |
| Additions | 1,640 | 432 | 2,072 |
| Disposals | (1,957) | (480) | (2,437) |
| Unrealised gains | 115 | - | 115 |
| Market value at 31 December 2017 | <u>2,194</u> | <u>435</u> | <u>2,629</u> |
| Historical cost at 31 December 2017 | <u>1,808</u> | <u>435</u> | <u>2,243</u> |
| Historical cost at 31 December 2016 | <u>1,566</u> | <u>483</u> | <u>2,049</u> |

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

| 9 | DEBTORS | 2017 £000 | 2016 £000 |
|---|--------------------------------|--------------|--------------|
| | Trade debtors | 307 | 312 |
| | Taxation recoverable | - | 2 |
| | Other debtors | 17 | 4 |
| | Prepayments and accrued income | 153 | 67 |
| | | <u>477</u> | <u>385</u> |

| 10 | CREDITORS: Amounts falling due within one year | 2017 £000 | 2016 £000 |
|----|--|--------------|--------------|
| | Trade creditors | 110 | 95 |
| | Taxation and social security | 39 | 25 |
| | Other creditors | 12 | 9 |
| | Accruals and deferred income | 91 | 84 |
| | | <u>252</u> | <u>213</u> |

Deferred income has arisen as a result of 2 year subscriptions, and conference income and donations paid in advance. Amounts are released to the Statement of Financial Activities within the year to which the subscription, income or donation relates.

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Deferred income at 1 January 2017 | 42 | 33 |
| Released to Statement of Financial Activities in year | (42) | (33) |
| Deferred in year | 2 | 42 |
| Deferred income at 31 December 2017 | <u>2</u> | <u>42</u> |

11 EXPENDABLE ENDOWMENT FUND

| | At 1 January 2017 £000 | Investment Income £000 | Transfers between funds £000 | Investment Gains £000 | At 31 December 2017 £000 |
|-------------------|---------------------------------|------------------------------|---------------------------------------|-----------------------------|-----------------------------------|
| Ralph Harris Fund | 2,583 | 44 | (400) | 104 | 2,331 |

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

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

12 RESTRICTED FUNDS

| | At 1 January 2017 £000 | Income £000 | Expenditure £000 | Net Investment Gains £000 | At 31 December 2017 £000 |
|---|---------------------------------|----------------|---------------------|------------------------------------|-----------------------------------|
| Event and Publications | - | 97 | (70) | - | 27 |
| Richard Koch Breakthrough Prize | 23 | 107 | (101) | - | 29 |
| Educational Fellowships | - | 156 | (156) | - | - |
| Brexit Unit | - | 17 | (17) | - | - |
| Future Freedom | - | 101 | (101) | - | - |
| Paragon Initiative | - | 54 | (54) | - | - |
| European Network | - | 22 | (22) | - | - |
| Nanny State Index Conference | 51 | - | (51) | - | - |
| Think Tent | - | 77 | (77) | - | - |
| THINK Conference | - | 14 | (14) | - | - |
| Age Endeavour | - | 24 | (24) | - | - |
| Vinson Centre at the University of Buckingham | - | 29 | (29) | - | - |
| M Fund | 395 | 6 | (95) | 27 | 333 |
| | <u>469</u> | <u>704</u> | <u>(811)</u> | <u>27</u> | <u>389</u> |

Donations were received to support various events and publications.

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

Donations were received to support fellowships for graduate study and for exploration of practical applications of market-based economics.

The Brexit Unit provides media commentary, articles and opinion pieces across the print and broadcast spectrum as well as engaging regularly with MPs, special advisors, Lords and other key influencers.

The Future Freedom project aims to inspire, educate and support the young of today to be the free marketeers of the future.

The Paragon Initiative is a five-year research programme that will critically examine every aspect of government activity from an economic perspective.

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

The Nanny State Index is a league table of the worst places in the EU to eat, drink, smoke and vape. The 2018 edition will be launched in a one-day conference in Brussels.

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

THINK is an annual conference for 16-25 year olds featuring speakers from around the world.

The Age Endeavour Fellowship supports IEA research into work and the elderly.

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

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

13 UNRESTRICTED FUNDS

| | At 1 January 2017 £000 | Income £000 | Expenditure £000 | Transfers £000 | At 31 December 2017 £000 |
|-------------------------------|---------------------------------|----------------|---------------------|-------------------|-----------------------------------|
| Designated Funds | | | | | |
| Fixed Asset Fund | 620 | - | - | (18) | 602 |
| Warren Fund | - | - | - | 4 | 4 |
| Designated unrestricted funds | 620 | - | - | (14) | 606 |
| Unrestricted general funds | 8 | 1,384 | (1,516) | 414 | 290 |
| | 628 | 1,384 | (1,516) | 400 | 896 |

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

The Warren Fund has been used by the Trustees to provide working capital. During the year £49,000 was designated by the Trustees, being transferred from Unrestricted General Funds to the Warren Fund to replace funds previously undesignated to provide working capital. Later in the year, a further £45,000 was undesignated from this fund to supplement working capital.

General funds represent free reserves after allowing for all designated funds.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Designated Funds £000 | General Funds £000 | Restricted funds £000 | Endowment fund £000 | Total funds £000 |
|---|-----------------------------|--------------------------|-----------------------------|---------------------------|------------------------|
| Fund balances at 31 December 2017 are represented by: | | | | | |
| Tangible fixed assets | 602 | - | - | - | 602 |
| Investments | - | 7 | 327 | 2,295 | 2,629 |
| Current assets | - | 539 | 62 | 36 | 637 |
| Current liabilities | - | (252) | - | - | (252) |
| Total net assets | 602 | 294 | 389 | 2,331 | 3,616 |

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

15 PENSION SCHEMES

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

The pension costs of the Institute's scheme amounted to £99,484 (2016: £103,900). There were £12,221 contributions outstanding at the end of the year (2016: £9,333).

16 STATUS

The Institute is a company limited by guarantee and has no share capital. The Institute had 10 (2016: 10) members at the year end.

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

17 RELATED PARTY TRANSACTIONS

During the year £70,865 (2016: £47,600) was incurred in consultancy fees and employment costs of the partner of the Director General, in respect of a short term maternity cover contract, which has now become a permanent employee position. There were no amounts outstanding at the year end (2016: nil) in respect of these transactions.

Donations from trustees in the year totalled £104,975 (2016: £97,742). No conditions were attached to any of these donations which would require the charity to alter significantly the nature of its existing activities.

18 COMMITMENT UNDER OPERATING LEASES

The total future minimum lease payments, at the reporting date, under non-cancellable operating leases are as follows:

| | 2017 £000 | 2016 £000 |
|------------------------------|-------------------|-------------------|
| Amounts due: | | |
| - within one year | 14 | 18 |
| - between one and five years | 12 | 26 |
| | <u> </u> | <u> </u> |

19 FINANCIAL INSTRUMENTS

| | 2017 £000 | 2016 £000 |
|--------------------------------------|--------------|--------------|
| Financial Assets: | | |
| Investments held as fixed assets | 2,629 | 2,879 |
| Trade and other receivables (note 9) | 452 | 371 |
| Total | <u>3,081</u> | <u>3,250</u> |
| Financial Liabilities: | | |
| Trade and other payables (note 10) | 210 | 146 |
| Total | <u>210</u> | <u>146</u> |