

Company number: 3193399
Charity Number: 1055254

New Economics Foundation

Report and financial statements
For the year ended 30 June 2016

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New Economics Foundation

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New Economics Foundation

Reference and administrative information

For the year ended 30 June 2016

Company number 3193399

Charity number 1055254

Registered office and operational address 10 Salamanca Place
London
SE1 7HB

Directors & Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Tess Gill	Chair
Martin Gillie	Treasurer & Trustee (Retired at AGM, Dec 2015)
Mike Tuffrey	Treasurer & Trustee (Appointed Feb 2016)
Gurnek Bains	as of Dec 2015
Ian Christie	as of Dec 2015
Margaret Gardner	
David McCoy	
Jules Peck	
Howard Reed	Retired 8 th Sept 2016
Simon Retallack	Retired 6 th Dec 2016
Rosie Rogers	
Rukayah Sarumi	
Lyndall Stein	Retired 6 th Dec 2016
Jeremy Till	
Fiona Weir	

Secretary	Stewart Wallis Marc Stears	Executive Director (Resigned January 2016) Chief Executive Officer (From February 2016)
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Bankers Handelsbanken
London Bridge Branch
11–15 Borough High Street
London SE1 9SE

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

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108–114 Golden Lane
LONDON EC1Y 0TL

New Economics Foundation

Introduction from the Chair

For the year ended 30 June 2016

For almost thirty years, the New Economics Foundation has been a leading think tank and has proudly delivered innovative research, policy and advocacy work and public campaigns. Recently, like many other third sector organisations, while continuing to deliver first class outcomes, we have been affected by the economic climate and the implications of a shrinking funding pool.

In January of this year, the Chief Executive, Stewart Wallis, who has guided the organisation over the last 12 years retired. After a brief period of handover, Marc Stears took over in February 2016. As you would expect, this change of leadership gave the perfect opportunity to review the future strategy of the organisation. Due to a number of factors including the call on charitable funding to meet the cutback on public services resulting from austerity budgets, it was clear that the funding environment would only become more challenging, and that the New Economics Foundation's financial model needed to be updated. Whilst the organisation was delivering original, farsighted and imaginative research, far more could be done to work with partners to achieve real change.

Our commitment to our beneficiaries is as strong as ever, during the year we began to refocus to ensure that the New Economics Foundation is:

- an organisation that works in partnership with real agents of change, locally, nationally and internationally, from trade unions and community campaign groups to public officials and international organisations
- an organisation where staff build an international reputation for leading thinking and campaigns
- an organisation that is at the centre of public argument and debate, from press and broadcast, to digital campaigns and people's front rooms.
- an organisation that is seen to tackle the issues that matter now – from climate change to mass migration, new ways of caring to building a more participatory public realm.

Working out the necessary changes to staffing to deliver this remit was still underway at the end of the financial year and I am confident that when completed the New Economics Foundation will be a stronger and more resilient organisation.

I want to take this opportunity to thank Marc, the senior management team and all the staff for their hard work and commitment to the New Economics Foundation. In addition, I would like to thank my fellow board members for their advice and support. Together we are building an organisation for the future and I look forward to working with you all to deliver our huge aspirations.

Tess Gill
Chair of the Trustees

Strategic Report

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

Our 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.

The objectives, as set out in the Memorandum and Articles of Association, 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."

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 wellbeing of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues. 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 or by supporting public service users to become more involved in shaping the services which are designed to support them.

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

This was a challenging year for NEF leading to us undertaking a major restructure that paves the way to regaining ground and playing a leading role in tackling the challenges ahead. These were still underway as at June 2016.

Overall the New Economics Foundation's financial position weakened during the year with total funds reducing by £452,902 by year end, as total spending across the group exceeded available income.

Total income for the 2014/15 financial year was £5,244,723 which included the gain on the disposal of the old office building of £2,303,171. Excluding this gain, income was £2,941,552. Income for the 2015/16 has increased to £3,168,687 with the additional £227,135 broadly the result of additional grant funding for the year.

In conjunction with the new SORP, the Foundation has taken the opportunity to update its income recognition policy regarding restricted grants. All restricted grants for the delivery of projects have been treated as performance related grants. Income on these grants has therefore been recognised on the basis of performance delivered by the year end date. Any amounts received in excess of the level of performance delivered have been recognised as deferred income for future accounting periods.

Headcount, and FTE, has remained broadly consistent at 66, and 58.2 respectively (67 and 59.6 in 2014/15). At the end of the financial year, the Foundation entered into a restructuring programme, which was planned to reduce headcount by up to 15 posts.

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. The 2015/16 financial year has been a difficult year in terms of trading and expenditure has increased as a result of additional staff costs. Prior to overheads (£134,746) and royalty payments (£34,660) to NEF, NEF Consulting Limited delivered an overall surplus of £61,370. After these payments, NEF C made an operating loss of £108,036 in the current year (prior year an operating profit of £450).

Remuneration policy for key management personnel

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

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

- 1 Director pay
- 2 Annual "cost of living" type salary increases

Salary levels for new Director level positions are agreed in advance by the Board after detailed discussions with both the Chair and the Treasurer. Annual cost of living increases are also considered by the Finance Committee to agree affordability as well as being referred to the wider Board for final approval. There will be instances of small, one off increases to reflect changes in responsibility (below Director level), the Board delegates authority to approve these changes, within agreed budgets, to the Chief Executive.

As part of a wider pay structure review the Board are working to put a formal Remuneration Committee in place during the course of the 2016/17 financial year which will further enhance the Governance arrangements with regards to pay.

Reserves policy and going concern

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

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

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

The Trustees have therefore concluded that there are three levels of reserves to be considered:

- 1 Long-term asset. The New Economics Foundation owns its office space, which has a net value of £2.1m (asset less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option if required to dispose of this asset and move to rented accommodation. The Trustees consider that this asset, though illiquid, underpins the long term financial health of the charity

- 2 Operational Cash. In order to ensure that the organisation can meet its current financial commitments, the policy of the Trustees is to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and Trustees review this as part of the monthly KPIs. Three months' operational costs equate to £600,000; group cash at bank at the year-end was £822,295.
- 3 Accumulated liquid reserves. In addition to long term assets and operational cash, the Trustees believe the charity should maintain a reserve fund of approximately £600,000 from accumulated surpluses in order to provide working capital and allow seed funding of new strategic initiatives. This type of reserve, however, has been depleted and at year end was £41,170. It is the intention of the Trustees to rebuild these reserves over the next three years.

The Trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material uncertainties looking forward for at least one year. The Trustees have considered the strategic plans of the charity forward through 2017 and have reviewed anticipated funding, detailed cash flow projections and the underlying trading position of NEF Consulting. They are satisfied that NEF remains a going concern.

Principal risks and uncertainties

We believe that there are three key risks to the organisation:

- 1 In line with many other charities the key risk remains the ongoing funding landscape and the competition for funding

We remain focused both on fundraising opportunities but also working directly with funders to understand the longer-term funding landscape. The senior management team review the pipeline weekly and report to the Board on a monthly basis.

- 2 Failing to deliver impact and not delivering real change for our funders and our beneficiaries

As part of the restructure, we set out an ambitious strategy for how we deliver real change. These revised plans form the basis of how we deliver real change and we will review performance against these strategies on at least a quarterly basis.

- 3 Failing to respond to the change in the political landscape in the way we think, act and deliver

This is a key risk given the events of the past six months and one that the Board and senior management team have at the forefront of their plans.

As part of the restructure, the Board undertook to update and improve the risk register. Both the Trustee Board and the senior management team are now actively involved in mitigation planning to ensure the future success of the organisation.

Our performance over the year

Summary of activities and achievements in 2015–6

In the year ended 30 June 2016, the New Economics Foundation remained remarkably active in a wide number of areas. Particular emphasis was placed on issues in environment, wellbeing, finance, social policy, organising and new economy in practice.

In numerical terms, we achieved:

- 27 reports published
- 30 packed events
- Over 1,100 media mentions
- 54,000 Twitter followers
- 52,000 Facebook likes
- 40 podcasts

Although it is potentially invidious to identify specific high points among such an effective and wide-ranging number of projects, the reputation of the Foundation grew in a number of areas over the year. In social policy, for example, work to support particularly innovative and creative local council initiatives took place under the auspices of a School for Local Government Entrepreneurs; in environment, work continued on the Blue New Deal, which created a network of over 600 entrepreneurs and campaigners in coastal communities all over the country interested in designing plans that could regenerate their own communities while also protecting the marine environment for years to come; in finance, we continued to make the case for far-reaching reform of the banking sector, including by the creation of a network of local banks to protect the local economy, potentially created by reforming the publicly-owned Royal Bank of Scotland; in wellbeing, we continued to find audiences excited by the “five ways to wellbeing” that NEF research had identified, from local councils to mental health charities; in organising, we deepened our analysis of how “movements” are built and worked with the New Economy Organisers Network to make sure that voices too often silenced by the mainstream media were actually heard on TV and radio through our Spokesperson Network; and in new economy in practice, we continued to pioneer work in community economic development, enabling local people to be put in control of plans to re-energise their own local economies.

Plans for the future

Towards the end of this year, we began to reflect on feedback the in-coming CEO had received from a number of stakeholders regarding the strengths and the weaknesses of NEF's work. The two central challenges the vast majority of those stakeholders posed were, first, whether NEF's work was immediately impactful enough in the lives of people at the sharp end of economic injustice and environmental degradation and, second, whether there was a coherent enough single vision driving NEF's agenda.

In response to that feedback, we engaged in a serious period of self-examination, aided at times by the assistance of Arnie Graf, a leading community organiser with over forty years' experience of bringing immediate change to the lives of some of the most disadvantaged communities. The result of that period of introspection was a new commitment to generating far more of our work in direct partnership with real and identifiable agents of change, ranging from government decision-makers through some of the most radical campaigns and movements to those in local communities seeking to make a real difference to their own regions.

We, therefore, ended the year with a new structure of work, ceasing to be focused just on the subject matter that concerns us and now being focused instead on forging direct relationships with those people with a real chance of bringing us closer to the new economy: policy-makers and government; campaigns and movements; unions and businesses; and communities and localities.

We are convinced that this new structure will maintain the very best of the NEF of the past while giving us a greater sense of urgency, relevance and coherence that is required for the future.

The future of the New Economics Foundation has never been of greater importance because there has never been a greater need for a new economy or a more important moment to act than right now. Millions of people feel they have lost control over their lives and are now being left behind by changes in the economy, technology and climate. As described above, the New Economics Foundation exists to drive this change and help give people the tools they need to take real control.

As we reshape NEF, we do so in the sure knowledge that the change needed to build a new economy will not begin in the traditional corridors of power. The New Economics Foundation therefore exists to do all it can to give people in communities, campaigns, unions and businesses, the tools they need to take real control and reshape our economic system. NEF has always cared most about people's everyday experience and we will work with communities of all kinds to help them take control.

In the coming year, therefore, our goal will be to shape an agenda for people to take more control over the decisions and resources that affect their lives today and a plan for how we can all begin to change the whole system tomorrow. In an era where people must co-operate to survive, we will always seek to overcome what divides us, campaigning against racism and xenophobia, never shutting ourselves off from the world or turn our backs on those different from ourselves. We will forge new partnerships with institutions with real power ranging from devolved government and city mayors, business and trade unions, communities, campaigns and movements.

As we do so, we are guided by a theory of change that is at the heart of my vision for the Foundation:

We believe change begins when people recognise that the spiraling chaos and insecurity of daily life is caused by concentrations of power and ownership – whether old or new – operating increasingly beyond their control.

We believe change happens when people are able to seize opportunities to take control over what matters most, not wait for it to be done to or for them.

We believe change succeeds when people take control over their own future in everyone's interests to improve the place in which they live and shape even the most powerful institutions.

Ours is an agenda for people to take more control today, so that we can change the whole economic system tomorrow. The coming year's task is to develop that agenda and to present it to the world.

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. The induction process for new trustees includes meetings with staff from 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 Chief Executive, Marc Stears, and the management team.

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 are consistently reviewed at the request of the Board and where necessary amended, and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks. The Director of Finance and Operations is charged with keeping the risk register constantly updated.

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 2016 was 14. 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the 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 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 auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

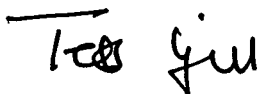
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

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

The trustees' annual report has been approved by the trustees on 28 February 2017 and signed on their behalf by

Tess Gill – Chair of the Trustees

A handwritten signature in black ink, appearing to read 'Tess Gill', with a horizontal line above the first part of the name.

Independent auditor's report

To the members of

New Economics Foundation

We have audited the financial statements of New Economics Foundation for the year ended 30 June 2016, which comprise the consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the consolidated statement of cash flows 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 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 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 the auditor

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 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, including the strategic report, 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.

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 2016, 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, including the strategic 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.

Jonathan Orchard (Senior statutory auditor)

22 March 2017

For and on behalf of Sayer Vincent LLP, Statutory Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

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 2016

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
Income from:							
Donations and legacies	2	138,524	-	138,524	183,624	-	183,624
Charitable activities							
Great Transition	20	822,385	1,425,801	2,248,186	400,696	1,563,712	1,964,408
Other trading activities	3	775,138	-	775,138	792,838	-	792,838
Other		6,324	-	6,324	-	-	-
Investments	4	515	-	515	682	-	682
Gain on disposal of 3 Jonathan Street		-	-	-	2,303,171	-	2,303,171
Total income		1,742,886	1,425,801	3,168,687	3,681,011	1,563,712	5,244,723
Expenditure on:							
Raising funds							
Strategic fundraising		153,216	-	153,216	152,513	-	152,513
nef Consulting		953,019	-	953,019	991,657	-	991,657
Charitable activities							
Great Transition		1,171,446	1,343,908	2,515,354	1,088,035	1,807,695	2,895,730
Total expenditure	5	2,277,681	1,343,908	3,621,589	2,232,205	1,807,695	4,039,900
Net income/(expenditure) for the year		(534,795)	81,893	(452,902)	1,448,806	(243,983)	1,204,823
Transfers between funds		(21,865)	21,865	-	(95,809)	95,809	-
Net movement in funds		(556,660)	103,758	(452,902)	1,352,997	(148,174)	1,204,823
Reconciliation of funds:							
Total funds brought forward	27	2,701,797	(103,758)	2,598,039	1,348,800	44,416	1,393,216
Total funds carried forward		2,145,137	-	2,145,137	2,701,797	(103,758)	2,598,039

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 in Note 27 to the financial statements. The total funds carried forward include income deferral of £938,481.

New Economics Foundation

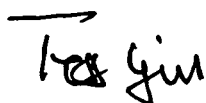
Balance sheets

Company no. 03193399

As at 30 June 2016

		The group		The charity	
	Note	2016 £	2015 £	2016 £	2015 £
Fixed assets:					
Tangible assets	11	3,426,848	3,487,669	3,426,848	3,487,669
Investments	12	-	-	1	1
		<u>3,426,848</u>	<u>3,487,669</u>	<u>3,426,849</u>	<u>3,487,670</u>
Current assets:					
Debtors	15	493,804	977,067	639,012	1,079,882
Cash at bank and in hand		722,354	556,736	622,414	418,989
		<u>1,216,158</u>	<u>1,533,803</u>	<u>1,261,426</u>	<u>1,498,871</u>
Liabilities:					
Creditors: amounts falling due within one year	16	(1,353,985)	(1,231,555)	(1,291,217)	(1,189,797)
Net current (liabilities) / assets		<u>(137,827)</u>	<u>302,248</u>	<u>(29,791)</u>	<u>309,074</u>
Total assets less current liabilities		<u>3,289,021</u>	<u>3,789,917</u>	<u>3,397,058</u>	<u>3,796,744</u>
Creditors: amounts falling due after one year	18	(1,143,884)	(1,191,878)	(1,143,884)	(1,191,878)
Total net assets		<u>2,145,137</u>	<u>2,598,039</u>	<u>2,253,174</u>	<u>2,604,866</u>
Funds:	20				
Restricted income funds					
In surplus		-	-	-	-
In deficit		-	(103,758)	-	(103,758)
Total restricted funds		<u>-</u>	<u>(103,758)</u>	<u>-</u>	<u>(103,758)</u>
Unrestricted income funds:					
Designated funds		2,103,967	2,083,976	2,103,967	2,083,976
General funds		149,206	617,821	149,207	624,648
Non-charitable trading funds		(108,036)	-	-	-
Total unrestricted funds		<u>2,145,137</u>	<u>2,701,797</u>	<u>2,253,174</u>	<u>2,708,624</u>
Total funds		<u>2,145,137</u>	<u>2,598,039</u>	<u>2,253,174</u>	<u>2,604,866</u>

Approved by the trustees on 28 February 2017 and signed on their behalf by



Tess Gill
Chair

New Economics Foundation

Consolidated statement of cash flows

For the year ended 30 June 2016

	Note	2016 £	£	2015 £	£
Cash flows from operating activities	21				
Net cash provided by / (used in) operating			211,677		(949,871)
Cash flows from investing activities:					
Dividends, interest and rents from investments		515		682	
Proceeds from the sale of fixed assets		-		3,310,508	
Purchase of fixed assets		-		(3,462,776)	
Net cash provided by / (used in) investing			515		(151,586)
Cash flows from financing activities:					
Repayments of borrowing		(46,574)		(290,726)	
Cash inflows from new borrowing		-		1,250,000	
Net cash provided by / (used in) financing			(46,574)		959,274
Change in cash and cash equivalents in the year			165,618		(142,183)
Cash and cash equivalents at the beginning of the year			556,736		698,919
Cash and cash equivalents at the end of the year	22		722,354		556,736

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

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.

b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 July 2014.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £39,275 at 1 July 2014 figure.

All restricted grants for the delivery of projects have been treated as performance related grants. Income on these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been recognised as deferred income for recognition in future accounting periods. The impact on reserves at 1 July 2014 has been £ 713,042, with that whole figure moving to deferred income.

In accordance with the requirements of FRS 102, a reconciliation of opening balances and net income / (expenditure) for the year is provided with the net income / (expenditure) under previous GAAP. This is provided in note 27.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1 Accounting policies (continued)

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

New Economics Foundation has changed its income recognition policy regarding restricted grants. In conjunction with the new SORP, all restricted grants for the delivery of projects have been treated as performance related grants. Income on these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been recognised as deferred income for recognition in future accounting periods.

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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).

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

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

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of overheads and support costs.

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.

1 Accounting policies (continued)

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any trading activities.
- Expenditure on charitable activities includes the costs incurred to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

● Strategic fundraising	3%
● nef Consulting	21%
● Great Transition	50%
● Support costs	23%
● Governance costs	2%

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

● Strategic fundraising	4%
● nef Consulting	29%
● Great Transition	67%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold building	50 years
● Fixtures and Fittings	10 years
● Computer software & equipment	4 years

1 Accounting policies (continued)

m) Investments in subsidiaries

Investments in subsidiaries are at cost.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

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

q) Pensions

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.

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2016

2 Income from donations and legacies

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Regular giving and individual donations	138,524	–	138,524	111,639
Rockefeller Philanthropy / Sherwood Forest Fund	–	–	–	5,000
Legacy (estate of Simon Peter)	–	–	–	46,985
Legacy (estate of William Arthur Marsh)	–	–	–	20,000
	<u>138,524</u>	<u>–</u>	<u>138,524</u>	<u>183,624</u>

3 Income from other trading activities

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
nef Consulting	720,847	–	720,847	773,537
Books and publications	21,869	–	21,869	19,301
Sale of intellectual property	12,833	–	12,833	–
Licensee income	19,589	–	19,589	–
	<u>775,138</u>	<u>–</u>	<u>775,138</u>	<u>792,838</u>

4 Income from investments

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Interest earned	515	–	515	682
	<u>515</u>	<u>–</u>	<u>515</u>	<u>682</u>

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2016

5 Analysis of expenditure

	Raising funds		Charitable activities			2016	2015
	Strategic fundraising £	nef Consulting £	Great Transition £	Governance costs £	Support costs £	Total £	Total £
Staff costs (Note 7)	92,756	517,861	1,293,411	107,319	528,581	2,539,928	2,486,692
Direct project costs	13,617	122,898	506,971	2,920	-	646,406	697,495
Communications	-	2,721	-	-	16,164	18,885	26,193
Depreciation	-	-	-	-	60,821	60,821	50,401
Legal and professional	-	-	-	-	40,334	40,334	19,582
Premises	-	-	-	-	81,510	81,510	38,937
Human resources	-	-	-	-	51,510	51,510	54,482
Office running costs	-	1,361	-	-	98,039	99,400	99,427
Information technology	-	-	-	-	56,810	56,810	52,955
Preparation for sale of 3 Jonathan Street	-	-	-	-	-	-	54,611
Irrecoverable VAT	-	-	-	-	25,985	25,985	458,472
Other	-	-	-	-	-	-	653
	106,373	644,841	1,800,382	110,239	959,754	3,621,589	4,039,900
Support costs	42,017	276,427	641,310	-	(959,754)	-	-
Governance costs	4,826	31,751	73,662	(110,239)	-	-	-
Total expenditure 2016	153,216	953,019	2,515,354	-	-	3,621,589	
Total expenditure 2015	152,513	991,657	2,895,730	-	-		4,039,900

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2016 £	2015 £
Depreciation	60,821	50,401
Loss or profit on disposal of fixed assets	-	(2,303,171)
Interest payable	36,616	12,165
Operating lease rentals:		
Property	-	-
Other	41,925	53,105
Auditors' remuneration (excluding VAT):		
Audit	12,500	11,500
Audit – under/(over) accrual from prior year	-	-
Grant audits	3,000	9,420
Foreign exchange gains or losses	405	-

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	2,203,047	2,212,530
Redundancy and termination costs	45,837	-
Social security costs	224,965	229,866
Employer's contribution to defined contribution pension schemes	66,079	44,296
	2,539,928	2,486,692

The following number of employees received employee benefits, excluding employer pension costs, in excess of £60,000 during the year between:

	2016 No.	2015 No.
£60,000 – £69,999	1	-
£70,000 – £79,999	1	2
£90,000 – £99,999	1	-

The total employee benefits including pension contributions of the key management personnel were £356,668 (2015: £344,889).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £2,920 (2015: £3,057) incurred by two (2015: three) members relating to attendance at meetings of the trustees.

Notes to the financial statements

For the year ended 30 June 2016

8 Staff numbers

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

	2016 Headcount	2015 Headcount	2016 FTE	2015 FTE
Strategic fundraising	2	2	1.9	1.9
nef Consulting	13	12	12.5	11.6
Great Transition	35	37	29.0	31.2
Support	15	14	13.4	13.3
Governance	1	2	1.4	1.6
	66	67	58.2	59.6

9 Related party transactions

A total of £150 of unrestricted donations were received from related parties (which are not outside the normal course of business) and no restricted donations were received from related parties. A member of Queen Mary University paid £568 to attend a NEF Spokesperson Network Training event. David McCoy, a Trustee of NEF, is an employee of Queen Mary University.

Payments totalling £1,050 (2015: £8,050) were made to Landman Economics in respect of consultancy services provided to nef Consulting Limited. Howard Reed, a Trustee of NEF, is a Director of Landman Economics. At 30 June 2016 there was £ 0 (2015: £1,050) outstanding between NEF Consulting and Landman Economics.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary nef Consulting Limited gift aids available profits to the parent charity. Its charge to corporation tax in the year was:

	2016 £	2015 £
UK corporation tax at 20% (2015: 20%)	-	-

11 Tangible fixed assets

The group and charity

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At the start of the year	3,329,171	115,839	90,670	3,535,680
Additions in year	-	-	-	-
Disposals in year	-	-	-	-
At the end of the year	3,329,171	115,839	90,670	3,535,680
Depreciation				
At the start of the year	6,646	2,896	38,469	48,011
Charge for the year	26,583	11,584	22,654	60,821
Eliminated on disposal	-	-	-	-
At the end of the year	33,229	14,480	61,123	108,832
Net book value				
At the end of the year	3,295,942	101,359	29,547	3,426,848
At the start of the year	3,322,525	112,943	52,201	3,487,669

Land with a value of £ 2,000,000 is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

12 Investments

Investments, at cost, comprise:

	The group 2016 £	2015 £	The charity 2016 £	2015 £
Investment in wholly owned trading subsidiary	-	-	1	1
	-	-	1	1

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of nef Consulting Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. 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:

	2016 £	2015 £
Turnover	763,272	776,082
Cost of sales	(358,910)	(329,340)
Gross profit	404,362	446,742
Administrative expenses	(488,686)	(434,896)
Distribution costs	(23,712)	(9,442)
Operating profit / (loss)	(108,036)	2,404
Interest payable	-	(1,083)
Profit / (loss) on ordinary activities	(108,036)	1,321
Deed of covenant to parent undertaking	-	(871)
Profit / (loss) for the financial year	(108,036)	450
The aggregate of the assets, liabilities and funds was:		
Assets	283,794	428,574
Liabilities	(391,829)	(428,574)
Funds	(108,036)	-

14 Parent charity

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

	2016 £	2015 £
Gross income	3,331,611	4,728,513
Result for the year	(376,014)	1,356,059

15 Debtors

	The group		The charity	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	233,631	246,134	115,264	121,423
Amounts due from subsidiary	-	-	329,061	393,642
Prepayments	43,981	23,789	41,421	23,729
Accrued income	216,192	707,144	153,266	541,088
	493,804	977,067	639,012	1,079,882

16 Creditors: amounts falling due within one year

	The group		The charity	
	2016 £	2015 £	2016 £	2015 £
Bank loans (note 18)	48,091	46,671	48,091	46,671
Trade creditors	160,445	39,275	145,060	32,448
Taxation and social security	76,065	123,326	63,734	106,620
Other creditors	778	76,401	778	68,154
Accruals	130,125	101,608	130,125	101,608
Deferred income (note 17)	938,481	807,469	903,429	797,491
Funds held for Rethinking Economics	-	36,805	-	36,805
	1,353,985	1,231,555	1,291,217	1,189,797

NEF has disbursed £20,000 and £16,805 (2015: £20,000 and £16,805) that it held on behalf of Joseph Rowntree Charitable Trust and Network for Social Change respectively. NEF's income and expenditure does not include these transactions.

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2016

17 Deferred Income

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

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Deferred income brought forward	807,469	806,649	797,491	756,740
Amount released to income in the year	1,761,338	698,194	1,683,707	687,397
Amount deferred in the year	(1,630,326)	(697,374)	(1,577,769)	(646,646)
Balance at the end of the year	938,481	807,469	903,429	797,491

Deferred income detail

	Deferred income brought forward	Amount released to income in the year	Amount deferred in the year	Balance at the end of the year
	£	£	£	£
A coalition of Community, FDA, Nationwide Group Staff Union, Nautilus International, Prospect, Royal College of Nursing, Society of Radiographers, TUC, USDAW	2,981	23,250	(20,998)	5,233
Adessium Foundation	4,024	75,000	(71,225)	7,799
AIM Foundation	74,605	80,000	(92,778)	61,827
Arts Council England	650	77,708	(72,752)	5,606
Barrow Cadbury Trust	3,500	1,000	(4,500)	-
Cabinet Office	-	62,425	(30,945)	31,480
Calouste Gulbenkian Foundation	10,412	72,000	(59,639)	22,773
Changing Lives	5,804	7,535	(5,696)	7,643
Christina Lee Brown	12,667	-	(12,667)	-
City Bridge Trust	7,066	-	(7,066)	-
Department for Communities and Local Government	6,887	82,125	(66,501)	22,511
The Ecology Trust	237	-	(237)	-
Friends Provident Foundation	1,011	308	(1,319)	-
The Hadley Trust	57,317	57,415	(70,057)	44,675
John Ellerman Foundation	15,560	30,000	(41,763)	3,797
Kestrelman Trust	11,719	49,500	(41,461)	19,758
KR Foundation - Framing Project	-	137,716	(43,064)	94,652
KR Foundation - EU Research & Policy Network (EU Framing Project)	-	66,150	(19,421)	46,729
KR Foundation - Sovereign Money	-	74,103	(21,954)	52,149
Network for Social Change	35,475	184,879	(153,615)	66,739
NHS England	-	163,050	(50,473)	112,577
Oak Foundation	340,029	81,672	(387,565)	34,136
Open Society Initiative for Europe within the Open Society Foundations	13,387	666	(14,053)	-
Swiss Philanthropy Foundation: Partners for a New Economy	-	89,756	-	89,756
People's Health Trust	10,593	116	(8,033)	2,676
R H Southern Trust	16,812	160,116	(92,510)	84,418
Ron Ockwell	10,000	-	(8,796)	1,204
The Connectus Kommonia Charitable Trust	3,956	15,970	(955)	18,971
Stichting DOEN	6,591	-	(6,591)	-
The Tedworth Charitable Trust	-	33,407	(10,000)	23,407
Tubney Charitable Trust	65,727	-	(41,484)	24,243
The VELUX Foundations	28,851	22,545	(51,396)	-
Wandsworth Community Empowerment Network	7,823	-	(7,823)	-
Walton on Thames Charity	785	4,786	(5,571)	-
Barry Amiel & Norman Melburn Trust	2,648	-	(2,648)	-
Clore Social Leadership Programme	3,478	7,000	(5,483)	4,995
Professor ADH Crook Public Service Fellowship, University of Sheffield	2,728	3,533	(6,261)	-
New Start (CLES)	(1,275)	6,300	(5,025)	-
The Waterloo Foundation	164	-	(164)	-
Climate Change Appeal	346	-	(346)	-
Big Lottery Fund	14,136	5,400	(14,136)	5,400
Happy City Community Interest Company	20,798	2,000	(20,798)	2,000
Pew Charitable Trusts	-	3,906	-	3,906
University of Edinburgh	-	2,370	-	2,370
* Bliss Evaluation	-	9,802	(4,527)	5,275
* Rainbow Clinic SROI	-	16,334	(9,698)	6,636
* Food First NL	-	16,388	(11,659)	4,729
* RCSLT - Stoke ROI	-	6,500	(2,145)	4,355
* Wates Social Enterprise	-	8,500	(6,120)	2,380
* WWF - EACI - MCA	-	10,536	(8,429)	2,107
* Balances < £ 2,000	9,977	9,571	(9,979)	9,569
* refers to NEF Consulting projects	807,469	1,761,338	(1,630,326)	938,481

18 Creditors: amounts falling due after one year

	The group		The charity	
	2016	2015	2016	2015
	£	£	£	£
Bank loans				
– payable 1–5 years	207,443	201,320	207,443	201,320
– payable more than 5 years	936,441	990,558	936,441	990,558
	1,143,884	1,191,878	1,143,884	1,191,878

Bank loans total £1,191,975 (2015: £1,238,549). The charity has a loan from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

19 Analysis of group net assets between funds

	General	Designated	Restricted	Total funds
	unrestricted	funds	funds	£
	£	£	£	
Tangible fixed assets	130,906	3,295,942	–	3,426,848
Net current assets	(89,736)	(48,091)	–	(137,827)
Long term liabilities	–	(1,143,884)	–	(1,143,884)
Net assets at the end of the year	41,170	2,103,967	–	2,145,137

The balance of restricted funds at 30 June 2016 is zero as the full balance of restricted funds has been deferred in line with our new income recognition policy and transition to FRS 102 and SORP 2015.

20 Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	Balance at the end of the year £
Restricted funds:					
A coalition of Community, FDA, Nationwide Group Staff Union, Nautilus International, Prospect, Royal College of Nursing, Society of Radiographers, TUC, UNISON	-	20,998	(20,998)	-	-
Adessium Foundation	-	71,225	(71,225)	-	-
AIM Foundation	-	71,008	(71,008)	-	-
Arts Council England	-	72,752	(72,752)	-	-
Barrow Cadbury Trust	-	4,500	(4,500)	-	-
Cabinet Office	-	30,945	(30,945)	-	-
Calouste Gulbenkian Foundation	-	59,639	(59,639)	-	-
Changing Lives	-	5,695	(5,695)	-	-
Christina Lee Brown	-	12,667	(12,667)	-	-
City Bridge Trust	-	7,066	(7,066)	-	-
Claire Jones – Spokesperson Network	-	10,000	(10,000)	-	-
Department for Communities and Local Government	-	66,502	(66,502)	-	-
The Ecology Trust	-	237	(237)	-	-
* Economic and Social Research	(22,707)	129,193	(106,486)	-	-
* European Commission – FP7	(74,038)	-	58,859	15,179	-
Friends Provident Foundation	-	1,011	(1,319)	308	-
The Hadley Trust	-	68,711	(70,057)	1,346	-
John Ellerman Foundation	-	41,763	(41,763)	-	-
* Joseph Rowntree Foundation	(4,732)	39,727	(34,995)	-	-
Kestrelman Trust	-	31,461	(31,461)	-	-
KR Foundation – Framing Project	-	43,064	(43,064)	-	-
KR Foundation – EU Research & Policy Network (EU Framing Project)	-	19,421	(19,421)	-	-
KR Foundation – Sovereign Money	-	21,954	(21,954)	-	-
Network for Social Change	-	153,596	(153,596)	-	-
NHS England	-	50,473	(50,473)	-	-
Oak Foundation	-	54,565	(54,565)	-	-
Open Society Initiative for Europe within the Open Society Foundations	-	14,054	(14,054)	-	-
People's Health Trust	-	8,033	(8,033)	-	-
R H Southern Trust	-	90,509	(92,509)	2,000	-
Ron Ockwell	-	8,796	(8,796)	-	-
The Connectus Kommonia Charitable Trust	-	955	(955)	-	-
Stichting DOEN	-	6,591	(6,591)	-	-
The Tedworth Charitable Trust	-	10,000	(10,000)	-	-
* Trust for London	(2,281)	51,050	(51,469)	2,700	-
Tubney Charitable Trust	-	41,484	(41,484)	-	-
The VELUX Foundations	-	51,397	(51,397)	-	-
Wandsworth Community Empowerment Network	-	7,823	(7,823)	-	-
Walton on Thames Charity	-	5,239	(5,571)	332	-
Barry Amiel & Norman Melburn Trust	-	2,648	(2,648)	-	-
Sub-total carried forward	(103,758)	1,386,752	(1,304,859)	21,865	-

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2016

20 Movements in funds (continued)

	At the start of the year £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	Balance at the end of the year £
Sub-total brought forward	(103,758)	1,386,752	(1,304,859)	21,865	-
Clore Social Leadership Programme	-	5,483	(5,483)	-	-
Professor ADH Crook Public Service Fellowship, University of Sheffield	-	6,261	(6,261)	-	-
AIM Foundation – Happy Planet	-	21,770	(21,770)	-	-
New Start (CLES)	-	5,025	(5,025)	-	-
The Waterloo Foundation	-	164	(164)	-	-
Other	-	346	(346)	-	-
Total restricted funds:	(103,758)	1,425,801	(1,343,908)	21,865	-
Unrestricted funds:					
Designated funds:					
Property	2,083,976	47,994	(28,003)	-	2,103,967
Total designated funds	2,083,976	47,994	(28,003)	-	2,103,967
General funds	617,821	1,290,530	(1,737,280)	(21,865)	149,206
Non-charitable trading funds	-	404,362	(512,398)	-	(108,036)
Total unrestricted funds	2,701,797	1,742,886	(2,277,681)	(21,865)	2,145,137
Total funds	2,598,039	3,168,687	(3,621,589)	-	2,145,137

* Activity on these projects were either running ahead of plan at 30 June 2015 or claimed in arrears. As these balances were negative at 30 June 2015 they were consequently not deferred at 1 July 2015.

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) 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 10 Salamanca Place 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.

21 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(452,902)	1,204,823
Depreciation charges	60,821	50,401
Dividends, interest and rent from investments	(515)	(682)
(Profit)/loss on the disposal of fixed assets	-	(2,307,418)
(Increase)/decrease in debtors	483,263	10,009
Increase/(decrease) in creditors	121,010	92,996
Net cash provided by / (used in) operating activities	211,677	(949,871)

22 Analysis of cash and cash equivalents

	At 1 July 2015 £	Cash flows £	Other changes £	At 30 June 2016 £
Cash at bank and in hand	556,736	165,618	-	722,354
Total cash and cash equivalents	556,736	165,618	-	722,354

23 Operating lease commitments

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

	Equipment 2016 £	2015 £
Less than one year	11,180	11,180
One to five years	30,745	41,925
Over five years	-	-
	41,925	53,105

24 Legal status of the charity

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

27 Impact of transition to FRS 102 and SORP 2015

Reserves position	Unrestricted 30 June 2015 £	Restricted 30 June 2015 £	Total £	Unrestricted 1 July 2014 £	Restricted 1 July 2014 £	Total £
Funds previously reported	3,109,005	325,800	3,434,805	1,411,037	734,496	2,145,533
Adjustments on transition						
Holiday pay provision	(39,275)	-	(39,275)	(39,275)	-	(39,275)
Deferred income recognition	(367,933)	(429,558)	(797,491)	(22,962)	(690,080)	(713,042)
Funds restated on transition	2,701,797	(103,758)	2,598,039	1,348,800	44,416	1,393,216

Impact on income and expenditure	Unrestricted 30 June 2015 £	Restricted 30 June 2015 £	Total £
Net income / (expenditure) as previously reported	1,697,968	(408,696)	1,289,272
Adjustments on transition			
Deferred income recognition	(344,971)	260,522	(84,449)
Net income / (expenditure) as restated	1,352,997	(148,174)	1,204,823

All restricted grants for the delivery of projects have been treated as performance related grants. Income on these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been recognised as deferred income for recognition in future accounting periods. The impact on reserves at 1 July 2014 has been £ 713,042, with that whole figure moving to deferred income.

In accordance with the requirements of FRS 102, a reconciliation of opening balances and net income / (expenditure) for the year is provided with the net income / (expenditure) under previous GAAP. This is provided above.

The balance of restricted funds at 30 June 2016 is zero as the full balance of restricted funds has been deferred in line with our new income recognition policy and transition to FRS 102 and SORP 2015. Details are provided in note 20.