

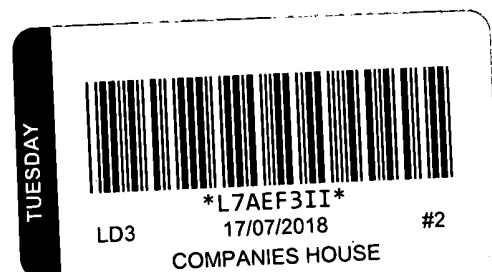
**POLITICS AND ECONOMICS RESEARCH TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**Company Number: 05982645**

**Charity Number: 1121849**



**POLITICS AND ECONOMICS RESEARCH TRUST**  
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**FOR THE YEAR ENDED 31 DECEMBER 2017**

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## **POLITICS AND ECONOMICS RESEARCH TRUST**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Trustees</b>	Peter Brown Charles Knox Ian Moore
<b>Registered Office</b>	Bridge House Borough High Street London SE1 9QR
<b>Registered Charity Number</b>	1121849
<b>Company Number</b>	05982645
<b>Bankers</b>	Santander UK Plc
<b>Independent Examiner</b>	John Howard FCA Wilkins Kennedy LLP Bridge House London Bridge London SE1 9QR

## **POLITICS AND ECONOMICS RESEARCH TRUST**

### **REPORT OF THE TRUSTEES (INCLUDING REPORT OF DIRECTORS)**

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The Trustees present their report and financial statements for the year ended 31 December 2017.

#### **Constitution**

The Charity, registered number 1121849, is a company limited by guarantee, number 05982645, and is governed by its Memorandum and Articles of Association. The guarantee of individual members is limited to £1.

#### **Trustees**

The trustees, who are also directors for the purposes of the Companies Act 2006, who served during the year were:

Peter Brown  
Charles Knox  
Ian Moore

Other changes to trustees during the year

William Norton resigned 25<sup>th</sup> September 2017.

No trustees had any contract or arrangement of a material nature with the company during the year under review.

Trustees are ultimately appointed at the annual general meeting of the Charity although they can be appointed by the board in the interim, with the AGM confirming the appointment. There is a process of induction for new trustees which includes meetings with staff and the provision of key information.

#### **Risk Management**

The trustees have examined the major risks which the Charity faces and confirm that systems have been established so that the necessary steps can be taken to lessen any such risks. As noted below, the Charity is financially dependent on voluntary income received from its supporters to continue its grant making activities and the level of this income represents a key financial risk.

#### **Objectives and Activities for the Public Benefit**

The trustees confirm that they 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 future activities.

The object of the Charity is to advance education of the public and in particular to promote for the public benefit research into matters of public taxation, public policy, applied economics and political science and to disseminate the useful results thereof.

#### **Achievements and Performance**

In 2017, the charity approved seven grant proposals amounting to £85,632. The research grants approved in the year covered the four core subject areas of the Charity.

For 2017 grants have been awarded on the theme of Remuneration and its Discontents, Value for Money in the provision of Public Services and Geographic Distribution of Wealth.

The charity also commissioned a summary of the reports in the Rebalancing the Economy series and during the year has sponsored events at the Conservative and Labour conferences in Autumn 2017 to further publicise the series.

## **POLITICS AND ECONOMICS RESEARCH TRUST**

### **REPORT OF THE TRUSTEES (INCLUDING REPORT OF DIRECTORS)**

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#### **Financial review and reserves policy**

Overall, there was a deficit for the year of £98,124 (2016: surplus of £276,781). The Charity is financially dependent on voluntary income received from its supporters and had total incoming resources for the year of £3,270 (2016: £163,591), details of which are shown on the Statement of Financial Activities. The level of reserves at the year end was, after grant commitments, £196,340 (2016: £294,464).

The Charity manages its funds and the donations that it receives to ensure that sufficient reserves are available to ensure that committed grants and administrative costs are covered. This includes £15,000 as working capital for the Trust.

#### **Grant making policy**

The Charity can only fund research projects that are completely non-party political. They must also be carried out to the highest academic standards and be of interest to the public. They must focus on the four core subject areas of the Charity, which represent the enduring themes of the Trust (public taxation, public policy, applied economics and political science).

The Charity accepts applications for funding which are then reviewed against specific criteria as set by the trustees in accordance with the Charity's objectives. The research project team applying for a grant must include people with knowledge, experience and research skills to carry out a successful research project. The Charity sometimes commissions work directly. These proposals are solicited, but are considered according to the same criteria as externally generated proposals.

Grant proposal pass through two stages of scrutiny:

- Either the Chairman or the Administrator, where appointed and as appropriate, assess whether the proposal fits within the Trust's current priorities and is technically adequate;
- the Trustees then consider and decide between competing proposals and make the final decision.

When looking at a proposal key issues are:

- the importance and relevance of the topic to the Trust's priorities;
- whether the work will offer new insights or developments;
- the appropriateness of the methods proposed to the aims of the project, including research design, data collection and analysis;
- demonstration of good knowledge of the area, including both research literature and the policy and practice context;
- the ability of the staff and organisation to carry out the work and complete on time;
- the policy and practice implications of the project;
- an appropriate approach to dissemination;
- priority within available funds and value for money.

Judgments about proposals are made on the basis of what is written down or explained orally where an applicant is invited to attend a meeting of the Trustees. Some proposals are turned down because the Trust cannot give the topic sufficient priority even though the proposal is well thought out and presented. But proposals can also be rejected because insufficient information has been provided about key aspects or there is a lack of clarity about what is planned.

The Trustees have reviewed and updated in 2017 the Charity's documentation for the submission of grant applications and its processes for the award and monitoring of grant applications.

## **POLITICS AND ECONOMICS RESEARCH TRUST**

### **REPORT OF THE TRUSTEES (INCLUDING REPORT OF DIRECTORS)**

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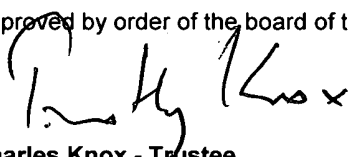
#### **Plans for Future Periods**

The Charity's aims for 2018 are to continue to make grants and fund research in pursuance of the charitable objects.

The Trustees' preferred method of awarding grants is to choose a number of themes and then to invite applications on those topic(s). They also approach people or organisations with known expertise or specialism in the relevant area and invite them to submit proposals for further research. We are however always prepared to consider unsolicited approaches where a good case can be made that the proposed work is consistent with the objects of our charity.

The Charity's chosen themes for 2018 are to be continued from 2017 with the addition of Education of Exceptional Children and Barriers to Business Growth. In 2017, the Charity has received seventeen grant proposals of which nine have been approved and one has been returned for further clarification. The proposals approved are from organisations across the political spectrum.

Approved by order of the board of trustees on 21 June 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Charles Knox', is written over the printed name below.

**Charles Knox - Trustee**

**POLITICS AND ECONOMICS RESEARCH TRUST**  
**INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS**  
**OF POLITICS AND ECONOMICS RESEARCH TRUST**

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I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2017, which are set out on pages 6 to 12.

**Responsibilities and basis of report**

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

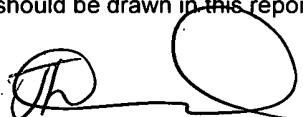
Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

**Independent examiner's statement**

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



**John Howard FCA**  
**for and on behalf of Wilkins Kennedy LLP**  
Statutory Auditor  
Chartered Accountants  
Bridge House  
London Bridge  
London  
SE1 9QR

Date: 10 July 2018

**POLITICS AND ECONOMICS RESEARCH TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Income from:</b>			
Donations and legacies	2	3,155	163,591
Investment income		115	-
<b>Total income</b>		<b>3,270</b>	<b>163,591</b>
<b>Expenditure on:</b>			
Charitable Activities		101,634	(113,190)
<b>Total expenditure</b>	3	<b>101,634</b>	<b>(113,190)</b>
<b>Net movement in funds</b>		<b>(98,364)</b>	<b>276,781</b>
Total fund brought forward		294,464	17,683
<b>Total funds carried forward</b>		<b>£196,100</b>	<b>£294,464</b>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes on pages 8 to 12 form part of the financial statements.



**POLITICS AND ECONOMICS RESEARCH TRUST**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2017**

**Company number - 05982645**

	Notes	2017 £	2016 £
<b>Current assets</b>			
Debtors	6	-	161,860
Cash at bank and in hand		244,051	148,104
		<u>244,051</u>	<u>309,964</u>
<b>Creditors: Amounts falling due within one year</b>	7	47,951	15,500
		<u></u>	<u></u>
<b>Net current assets</b>		196,100	294,464
		<u></u>	<u></u>
<b>Net assets</b>		<b>£196,100</b>	<b>£294,464</b>
		<u></u>	<u></u>
<b>Represented by:</b>			
Unrestricted funds		£196,100	294,464
		<u></u>	<u></u>
		<b>£196,100</b>	<b>£294,464</b>
		<u></u>	<u></u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2017.

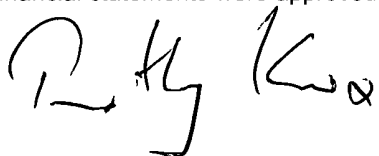
The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2017 in accordance with Section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provision of Part 15 of the Companies Act 2017 relating to small charitable companies:

The financial statements were approved by the Board of Trustee on 21 June 2018 and were signed on its behalf by:



**Charles Knox – Trustee**

The notes on pages 8 to 12 form part of the financial statements.

# **POLITICS AND ECONOMICS RESEARCH TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1. ACCOUNTING POLICIES**

#### **(a) General information and basis of preparation**

Politics and Economics Research Trust is a charitable company in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are on page 2.

The charity constitutes a public benefit entity as defined by FRS 102. 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) issued on 16 July 2014 (as updated through Bulletin 1 published 2 February 2017), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2016.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **(b) Going Concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

#### **(c) Funds accounting**

The funds of the Charity comprise:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

#### **(d) Income**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

- Donations and legacies are recognised in the financial statements when the Trust is convinced that there is entitlement to the income, there is certainty of receipt and the amount in question is measurable.
- Investment income is included when receivable.

## **POLITICS AND ECONOMICS RESEARCH TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**(e) Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on charitable activities includes research grants.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such as awards being recognised as expenditure when the conditions attached to the grants are fulfilled. Grants offered subject to conditions that have not been met at the year end are noted as a commitment, but not accrued as expenditure.

**(f) Allocation of support and governance costs**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include governance costs, administrative office function costs and premises costs. They are incurred directly in support of expenditure on the objects of the charitable company.

Governance costs comprise all costs involving the public accountability of the Trust and its compliance with regulation and good practice. These costs include costs related to the independent examination, statutory audit and legal fees.

Support and Governance costs have been allocated across the charitable activities using various percentage allocations.

**(g) Debtors**

Trade debtors and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

**(h) 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.

**(i) Creditors**

Creditors are recognised where the Trust 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.

Other creditors and accruals are recognised at their settlement amount due.

**(j) Financial instruments**

The trust 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.

**(k) Taxation**

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# POLITICS AND ECONOMICS RESEARCH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### (I) Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.	Donations and Legacies	2017 £	2016 £
	Donations including recoverable taxation	3,155	163,591
		<u>3,155</u>	<u>163,591</u>

3.	Charitable Activities	Direct Costs £	Grants £	Support Costs £ (Note 4)	Total 2017 £	Total 2016 £
	Grants approved (note 3.1)	-	85,632	-	85,632	68,820
	Amounts cancelled or returned	-	(4,500)	-	(4,500)	(235,000)
	Support costs	-	-	7,342	7,342	52,990
	Sponsorship	13,160	-	-	13,160	-
	<b>Total resources expended</b>	<u>13,160</u>	<u>81,132</u>	<u>7,342</u>	<u>101,634</u>	<u>(113,190)</u>

3.1	Grants approved	2017 £	2016 £
	The Trust approved the following grants to Institutions and Individuals during the year:		
	Big Brother Watch	14,402	-
	CapX	25,000	-
	Centre for Progressive Capitalism	-	10,000
	Centre for Social Justice	10,000	-
	CPS	10,000	10,000
	DEMOS	-	10,000
	IEA	21,030	9,820
	IPPR	-	10,000
	New Economics Foundation	-	10,000
	Open Democracy	-	9,000
	<b>Total to Institutions</b>	<u>80,432</u>	<u>68,820</u>
	<b>Total paid to Individuals</b>	<u>5,200</u>	<u>-</u>
	<b>Total grants</b>	<u>85,632</u>	<u>68,820</u>

**POLITICS AND ECONOMICS RESEARCH TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>3.2</b>	<b>Grant commitments</b>	<b>2017 £</b>	<b>2016 £</b>
	Balance brought forward	12,500	188,000
	Grants approved (note 3.1)	85,632	68,820
	Amounts paid	(48,921)	(59,320)
	Amounts cancelled	(4,500)	(235,000)
	2015 grants returned	-	50,000
	Balance carried forward	<u><b>44,711</b></u>	<u><b>12,500</b></u>

<b>4.</b>	<b>Support costs:</b>	<b>2017 £</b>	<b>2016 £</b>
	Administrator's fees	3,788	-
	Independent Examiners fee	2,100	2,100
	Other accountancy fees	647	5,232
	Professional fees	630	45,068
	Sundry expenses	177	590
		<u><b>7,342</b></u>	<u><b>52,990</b></u>

Professional and other accountancy fees for 2016 largely comprised exceptional fees, which have not recurred in 2017.

**5. Staff costs, Trustee remuneration and expenses and the cost of the key management personnel**

There were no employees other than the trustees/directors (2016: None).

None of the trustees/directors received any remuneration or reimbursement of expenses during the year (2016: None).

The key management of the trust comprise of the trustees only.

<b>6.</b>	<b>Debtors</b>	<b>2017 £</b>	<b>2016 £</b>
	Recoverable taxation	-	161,860
		<u><b>-</b></u>	<u><b>161,860</b></u>

**POLITICS AND ECONOMICS RESEARCH TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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<b>7. Creditors: Amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Grant commitments (note 3.2)	44,711	12,500
Accruals	3,240	3,000
	<u><b>47,951</b></u>	<u><b>15,500</b></u>

**8. Related Party Disclosures**

During 2017 the charity approved a single grant to CPS of £10,000 and sponsorship of £5,000 and also a single grant to Capx (a division of CPS) of £25,000. During this time, Charles Knox was a member of senior management. He resigned from this position in October 2017. Additionally, during 2017, the charity approved grants of £14,402 to Big Brother Watch when William Norton was a director. He resigned from this position in September 2017.