

**THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH (Incorporated)**  
**(A company limited by guarantee)**

**Consolidated Report and Financial Statements**  
**Registered number: 341010**  
**Charity number: 306083**  
**31 March 2018**

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**REFERENCE AND ADMINISTRATIVE INFORMATION**

**Trustees (Members of the Council of Management)**

Professor Diane Coyle	(Chair)
Professor Sir Charles Bean	(President)
Tera Allas	
Alexander Baker	(appointed 23 November 2017)
Sir Alan Budd	
Professor Jagjit Chadha	
Neil Gaskell	
Professor Rachel Griffith	(resigned 13 July 2017)
Peter Kellner	(resigned 23 November 2017)
Stephen Daryl King	
John Llewellyn	
Keith Mackrell	
Neville Manuel	(appointed 23 November 2017)
Sadeq Sayeed	(resigned 21 July 2018)
Professor Lorna Unwin	

**Chief Executive/ Director**

Professor Jagjit Chadha

**Chief Operating Officer and Company Secretary**

Chivonne Preston	(resigned 5 March 2018)
John Kirkland	(appointed 2 July 2018)

**Registered Office & Principal Place of Business**

2 Dean Trench Street, Smith Square, London, SW1P 3HE

**Company Number:** 341010 – incorporated in the United Kingdom

**Charity Number:** 306083 – registered in England and Wales

**Auditor**

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

**Bankers**

Bank of Scotland, 600 Gorgie Road, Edinburgh, EH11 3XP

**Solicitors**

Pannone & Partners, 123 Deansgate, Manchester, M3 2BU

## TRUSTEES' REPORT

The Trustees, who are also directors of the Charity, are pleased to present their annual Trustees' report together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 March 2018 which are also prepared to meet the requirements for a Director's report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

## OBJECT AND ACTIVITIES

The principal object contained within the National Institute of Economic and Social Research's ("the Institute") Memorandum and Articles of Association is:

*'The advancement of education in the social sciences particularly by the propagation of knowledge of the social and economic conditions of contemporary human society'.*

We carry out high quality economic and social research of relevance to business and policy-makers, meeting this object via four main activities:

- The pursuit and delivery of a wide variety of research projects on topics of contemporary interest to policy-makers, business and third sector leaders, and academic audiences.
- The development and distribution of the National Institute's Global Econometric Model ("NiGEM") which contributes to the wider understanding of the working of the economy and thus to the economic and social infrastructure. User licences are sold to a variety of organisations including central banks, private sector financial organisations, HM Treasury and the Bank of England, also providing revenue to support our charitable objectives.
- The publication of the *National Institute Economic Review*. This includes quarterly global economic forecasts as well as original research articles, and generates income from its worldwide subscription base.
- Engagement in relevant social and economic policy debates from a position of intellectually robust, independent expertise.

The Institute carries out these activities by:

- Maintaining access to a variety of high calibre research staff with suitable experience and expertise.
- Understanding the economic environment and the policy agenda, identifying the key stakeholders and being aware of other influential factors.
- Delivering high quality services and products, and committing to the continual improvement of what we do.
- Developing and maintaining relationships with our research funders, commissioning bodies, model subscribers, potential clients and the owners and commissioners of relevant data sets.
- Generating sufficient income from research funding and other sources to finance the Institute's operations and long term development, and continue to deliver our charitable mission.

- Disseminating our research findings via a range of media channels, including traditional publications and broadcast media as well as via the internet and social media to reach as wide an audience as possible, nationally and internationally.
- Encouraging staff involvement in academic activities such as refereeing for journals, serving public bodies nationally and internationally and examining PhDs, as well as contributing to the activities of Government and the political process in an expert capacity.

## **PUBLIC BENEFIT**

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Institute's aims and objectives and when planning future activities.

The activities described above enable the Institute to improve the wider knowledge and understanding of issues which are of importance to the UK and internationally, with the ultimate aim of improving social and economic welfare. This was the purpose of the Institute's foundation eighty years ago and remains central to its ethos today.

In order to serve the public benefit we maintain a high reputation for the independence and quality of our research and invest in a number of outreach activities, including working with other organisations in the charitable and educational sectors.

The dissemination and impact of our work, and engagement with users, forms a central element in our activity. This includes:

- Holding regular seminars open to external attendees as well as our own staff. These are free with invitations sent to many key stakeholders, as well as advertised on our website.
- Publishing the quarterly *National Institute Economic Review*, and ensuring copies of our research reports and discussion papers are put in the public domain as soon as possible.
- Producing key indicators on the state of the economy which are free to download. Our website also contains videos of seminars and press conferences which are freely accessible.
- Encouraging research staff to write articles for newspapers, to comment on current issues, and to provide expert opinion on issues of public interest, including giving evidence to parliamentary select committees and meeting with other policy makers as appropriate.
- Maintaining an up to date web and social media presence, commenting on current affairs, promoting our work, directing the public to our website and widening the reach of our social networks.
- Building and strengthening our relationships with the press, both here and abroad, in order to maximise the opportunities for the work of the Institute to be cited and promoted via written and broadcast media.
- Collaborating with a wide range of other research and educational institutes, enabling us to access increased dissemination opportunities.
- Visiting schools and universities to share our work and advocate for the relevance of economic and social research to the next generation, and providing research staff for interview practice at various academic institutions.

In addition, the Institute's global econometric model is licensed annually to many European Central Banks and international organisations. The model's use within these organisations helps to widen the influence of the Institute's research and enables our expertise to influence policy decisions for the public benefit not

only in the UK but worldwide. We also provide extensive training on forecasting methods, facilitating extensive specialist knowledge transfer.

### FUNDRAISING

NIESR does not engage in public fundraising and does not use professional fundraisers or commercial participators. During the year there were no complaints relating to fundraising practice.

### ACHIEVEMENTS & PERFORMANCE

2017-18 has been a year of change and expansion at the Institute. Our core values of quality, rigour and independence have been applied to new and innovative projects, further developing our high profile in the media, academic and corporate communities, and our recognition amongst policy makers.

The year has seen further improvement in the financial performance of the Institute, as part of a longer term business sustainability plan agreed with the Council. We recognise that this progress will need to be maintained in future years. Our work has combined building on the establishment of the Economic Statistics Centre of Excellence (ESCoE) and the Rebuilding Macroeconomics Network, with increased focus on the development and marketing of the macroeconomic model NiGEM and the Institute's three directorates focussed on microeconomic research. Links with leading UK universities have also developed, in particular with the part-time appointments of Professor Roger Farmer (University of Warwick) on the macroeconomics programme, and Professor Peter Dolton (University of Sussex) in microeconomics. These links will be fostered by the appointment of the Director to the Strategic Advisory Network of UKRI and also to the Research Excellence Framework Main Panel C. The Institute is also developing a broader Fellowship base at leading Universities, initially including joint programmes of activity with the universities of Warwick, Leeds and Sussex. During the year we also secured accreditation under three ISO Standards: ISO 9001 on Quality Management, ISO 14001 on Environmental Management and ISO 27001 on Information Security Management

#### Research Centres: ESCoE and Rebuilding Macroeconomics

The Economic Statistics Centre of Excellence (ESCoE) is an independent research centre funded by the Office for National Statistics (ONS) established in 2017. The Centre is hosted at NIESR and is organised as a consortium including partners King's College London, Nesta, University of Cambridge, Warwick Business School (University of Warwick) and Strathclyde Business School, and supported by a large network of researchers based in the UK and abroad. Rebecca Riley directs the Centre, working with Sylaja Srinivasan as Operational Co-Director and Professor Richard Smith as Academic Co-Director. The Centre has a budget of approximately £1¼mn per annum, of which £1mn per annum funds research and overheads. Its work is overseen by an Advisory Board that meets twice a year and the ONS Economic Experts Working Group.

The aims of the ESCoE are to deliver research to support the development of economic statistics for the modern economy, to foster collaboration between ONS and the research community, and to provide an environment for the development of a wider research community in the area of economic measurement.

During 2017-18 the ESCoE initiated 16 research projects, all carried out in collaboration with the ONS. It started a Discussion Paper series intended to be a repository for research papers concerned with economic measurement and aiming to facilitate knowledge transfer and the sharing of best practice in economic measurement. It held a number of well-attended workshops and research seminars, and started its measurement in the Modern Economy Series, coinciding with external visits to the Centre to bring high profile research on economic measurement to a broader audience. The Centre's research has also been presented more widely, at international conferences, government departments and in other public fora. The Centre has awarded three PhD studentships that started in October 2017.

Rebuilding Macroeconomics (RM) is an Economic and Social Research Council funded four-year research network led by Dr Angus Armstrong, Principal Investigator, and hosted at the National Institute of Economic and Social Research (NIESR). The long-term aim of the network is to refresh the status of macroeconomics as a policy relevant social science.

Over half of the £3.6mn RM funding is due to support pilot research projects which have the potential to open up new areas of research to understanding the macroeconomy. Most of the ideas will be gathered through 'Research Hubs' where scholars, policy-makers and practitioners coalesce around a substantive macroeconomic policy question and explore, learn from and challenge each other's assumptions and ways of thinking, and consider possible new methods of investigation. RM has held extensive consultations and interview processes to create six hubs and appoint leading scholars as hub leaders. We have hubs covering Globalisation; Instability; Economic Institutions; Social Co-operation; Sustainable Growth; and Finance.

As allocating funding is a new process for NIESR, the RM management team decided to launch a General Call for research projects. This allowed us to experiment with the refereeing process and to see what ideas may be circulating. We referred many to hubs but, after seeking external validation, we decided to fund two projects. The first was awarded to Professor Özlem Onaran, University of Greenwich, for a project 'The Effects of Income, Gender and Wealth Inequality, and Economic Policies on Macroeconomic Performance'; and the second to Professor David Tuckett, a psychologist at UCL, for a project titled, 'What Do Economic Actors Know: Can Tracking Their Changing Economic Narratives Help to Fine Tune Monetary and Financial Policy?'

### **Macroeconomic Modelling and Forecasting**

The year saw considerable recruitment, including Dr Garry Young, as Director of Macro Modelling and Forecasting, and Amit Kara, as the Associate Research Director for UK Macroeconomics and Barry Naisbitt for Global Macroeconomics. Substantial analysis, most notably through the quarterly forecasts produced for the *National Institute Economic Review*, has examined the effect of higher oil prices, shifts in US fiscal and trade policy, monetary policy normalisation, and identified the 'Great Synchronisation' in cross-country growth rates.

The key uncertainty affecting the UK outlook is Brexit. This appears to have contributed to a slowdown in UK growth relative to other countries in the run-up to Brexit, and clouded the outlook. The UK forecast chapters have been conditioned on a soft Brexit, our view of the most likely outcome, but have also examined the possible effects of a hard Brexit. The Review has also considered the effects of an easing of UK fiscal policy to pay for improved public services and higher public sector pay.

As well as the Review, the team has disseminated its analysis through social media with blogs on a range of issues including the effects of political uncertainty in Italy, the reasons for the weakness of wages, Brexit, euro area reform, and Macron's fiscal plan. Team members have published articles in academic journals (or have them forthcoming) on Irish GDP between the famine and the first world war, sovereign bond yields, sectoral wage rigidities and financial conditions indices. There have also been presentations at conferences (including the Royal Economic Society and the MMF conference) on macroprudential policy, using an extension to the NiGEM model, the relationship between public sector and private sector pay, Brexit, and whether large scale macroeconomic models have a future.

The team's work is also disseminated through NiGEM. Continuing model maintenance and development is essential for NiGEM to be an attractive purchase for new and existing clients. We are continuing to seek new NiGEM subscribers and to scope out the market for other NiGEM-related commercial sales, in particular a product aimed at helping smaller financial institutions measure expected credit losses. As well as NiGEM sales, the team have contributed to the financial sustainability of NIESR through their

involvement in commercial activities such as executive education by way of a course on economic forecasting, organised with Warwick in London, and by consultancy.

### **Microeconomic Research**

Our work in microeconomics divides into three broad fields – those of Education and Labour, Employment and Social Policy and International Trade, Productivity and Investment. Each maintained a vibrant portfolio of research activities during the year.

Our work on vocational education, led by Stefan Speckesser, centres around three main themes – the impact of vocational education on individuals, firms and growth, the quality of provision in vocational and technical education, and the participation of individuals in vocational and technical education. A major development during the year was a successful application for continued funding of the Centre for Vocational Education Research, in which the Institute partners with the London School of Economics (which acts as the lead institution), the University of Sheffield, and the economics consultancy London Economics. Issues being considered by the Centre include the impact of apprenticeships on firms, the longer term effect of higher-level technical and vocational education on earnings and the effect of non-cognitive skills on labour market success.

Research on education, under the leadership of Heather Rolfe, has looked at improving the effectiveness of schools at both primary and secondary level, and across subject areas. Projects have included work on mathematical reasoning, an evaluation of the use of research tools to improve early years' language, the impact of embedding formative assessments and a longitudinal study on changing mindsets.

The Employment and Social policy team has worked on a topics with high policy relevance, including immigration, employers pay policies and welfare reform. A range of projects have also focussed on inequality in the labour market. Other topics have included work on the Fairer Active Aging in Europe programme, and contributing to debates on gender disparity, counterfactual wage outcomes and analysis of the 2017 Employers pension survey.

Research under the heading of International Trade, Productivity and Investment has included assessments of single market membership and Brexit in areas such as trade in financial services, and the role of EEA nations in the health and social care sector. The November edition of the *National Institute Economic Review* also focussed on *Sectoral and Regional Impacts of BREXIT*. Other work looked at the productivity of low paid workers, and the relationship between housing and productivity. A further project – undertaken alongside colleagues in the ESCoE programme, has investigated the sources of the UK's recent productivity weakness more generally. This area of work also gained a new Associate Research Director shortly after the period under report, with the recruitment of Sergio Salis.

Collaboration between the three areas of microeconomic work, and between the micro and macroeconomic teams, remains a feature of the Institute's work, reflecting the strong policy orientated nature of our approach.

### **Communication and Dissemination**

In a turbulent political year which saw a snap general election and the sharpening of divisions over the negotiations for leaving the EU translating into continued economic uncertainty the Institute has continued to deliver on its mission by not only producing high quality research but also disseminating it widely. Following an exceptional spell of activity around the 2016 referendum, the upwards trend in our dissemination activity has continued during the year, as can be seen from the table below:



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	2015/16	2016/17	2017/18
Research reports, articles, chapters in books	128	126	135
Conference and seminar presentations	60	72	84
Mentions and appearances on broadcast media	135	980	460

In the run-up to the election we secured funding from the Nuffield Trust to produce a series of in-depth briefings on issues ranging from NHS financing to infrastructure, which were widely quoted in the media at the time and continued to be cited in the following months.

Our Quarterly Reviews and GDP estimates also continued to receive widespread media coverage. Among the highlights was our August 2017 *Review*, an issue dedicated to the 10th anniversary of the start of the financial crisis, which resulted in coverage on the FT front page as well as The Times, The Guardian, The Economist, and dedicated pieces and mentions in an array of national, regional and specialist outlets and broadcasters such as Bloomberg, ITV and BBC (both radio and TV). Our November *Review*, which focused on the local and sectoral impacts of globalization (with a strong Brexit flavour) gained us coverage on the front of the Guardian business pages followed a few days later by a Guardian front-page, followed by interviews to the BBC World at One and Sky on the interest rate rise. Our February 2018 *Review* contained a number of key articles on *Better Schools for All*.

Increased time and resources have been devoted to engagement with policy-makers, including small-scale, exclusive and sometimes off-the-record events to present ongoing work in an informal setting. Senior researchers appeared in front of a variety of committees in the House of Commons and – on one occasion, at the Scottish Parliament. Our research was mentioned and commented upon by figures ranging from the chief economist of the Bank of England Andy Haldane, to the then Universities Minister Jo Johnson, to Sir John Major (who mentioned NIESR alongside other “serious international bodies” in his widely covered Brexit speech in February 2018. Our work was quoted by MPs in tweets, speeches and newspaper columns. Moody’s quoted our forecast in its September 2017 decision to downgrade UK ratings to AA2. In January 2018 NIESR’s work was acknowledged in the Scottish government’s Brexit impact analysis. Our regular briefings for media, senior economists and embassy personnel continue to be very popular.

Our researchers published a number of influential reports, which were tailored towards specific policy debates. These included “The Changing World of Work”, commissioned by the Union21 to better understand the changing landscape of the future UK labour market, “Wage growth in Pay Review Body Occupations” for the Office of Manpower Economics, “Is An ‘Englishman’s Home’ His Pension?”, exploring the impact of the high level of mortgages on long term saving and UK productivity, commissioned by the Association of British Insurers, and “The impact of welfare reform and welfare- to-work programmes: an evidence review” for the Equality and Human Rights Commission.

Aside from their contributions for the *National Institute Economic Review*, our researchers published articles in prestigious journals such as Labour Economics, the Journal of the Royal Statistical Society, European Journal of Economics and Economic Policies, Review of Keynesian Economics, Economic Letters, the Journal of Economic Literature, the Journal of International Money and Finance, Open Economies Review, Economic History, Economics and Human Biology among others. They gave presentations at events

ranging from the Royal Economic Society Annual Conference to the European Central Bank, the Bank of England and the Central Bank of Hungary.

## PLANS FOR THE FUTURE

The period covered by this report has seen further progress on the path to financial sustainability, as a leading independent research institute. We have also made a number of investments in key positions, which are intended to continue this process.

Our future plans will continue to be underpinned by high quality economic and social research of relevance to both our specialist target audiences and the general public. We will pursue funding opportunities that support our core research agenda, in areas where we have particular expertise and experience: macroeconomic modelling, trade and exiting the EU, international finance, immigration, productivity, housing, health, education, labour markets, monetary and fiscal policy, and policy evaluation. We will continue to provide objective analysis and commentary to strengthen the debate as the negotiations for the UK to leave the European Union gather pace.

The Institute has appointed a significant number of new staff during the year, including several at senior level. The financial benefit of this may not materialise immediately, since the new research appointments may place short-term pressures on our funding position. However, strong efforts continue to supplement income from research projects with other income streams, building on the substantial growth in donations and model sales during the past year.

Our priorities for the coming year are as follows:

- We will build upon and strengthen our areas of research expertise, and focus in particular on seeking longer term funding and collaborating with other independent research organisations to enhance our grant-funding bids where appropriate.
- We will continue to develop alternate funding streams, broadening the income opportunities related to our global macro-econometric model, NiGEM, and seeking to better understand the services that we can provide to the private sector, whilst retaining our key role to improve policy-making.
- We will seek to develop further collaborative arrangements, both in academic and non-academic sectors, which ensure that Institute expertise reaches new audiences, and which benefit both parties. One example is the development of teaching and executive training opportunities with UK universities.
- We will identify ways to further progress our charitable outreach work. We will aim to maximise the impact our work can have by further developing our proactive communications strategy and utilising the partnerships and networks that we have with academic collaborators, policymakers, the press and via social media, in particular through the ESCoE and the Rebuilding Macroeconomics network.
- We will retain our commitment to the quality in all of our activities, building on ISO accreditation for three international standards: ISO 27001 Information Management Standard, ISO 9001 Quality Management Standard, and ISO 14001 Environmental Management Standard, which were all achieved during the year. Going forward the Institute will continue to embed these policies and procedures and encourage a culture of continual review and improvement.

## **RISK MANAGEMENT**

The Institute Risk Register is kept under regular review by management and Trustees, through internal monitoring the Audit, Risk and Ethics Committee and the Board of Trustees. These processes have covered both short and long term risks and in particular those concerning financial sustainability and reputation. .

The principal risks facing the institute continue to relate to financial stability and the retention of our reputation for academic excellence, independence and integrity. Since the arrival of the Director in 2016, the Institute has pursued a strategy of diversifying income, including a broader range of research funders and wider stakeholders. Significant work is also being undertaken to develop financial and project management, including new systems for more regular internal reporting, utilisation management and reporting, backed by a system of key performance indicators.

The rate of staff turnover during the past two years, as part of the Institute's restructuring plan, also highlights the importance of measures to ensure staff engagement and retention. We expect that recent turnover rates will be exceptional, but are none the less putting in place new mechanisms for staff communication, researcher development and training to supplement the changes to staff terms and conditions that were introduced in the past year. Our intention is to ensure an atmosphere in which staff at all levels can produce high quality, impactful research, and at the same time develop their individual career paths.

## **FINANCIAL REVIEW**

The financial year 2017-18 continued the transition period, following the turnaround programme initiated by Trustees in January 2016 which resulted from a number of years of substantial financial deficit and use of reserves. The Institute is rebuilding its business model to mitigate the risks around the research funding environment and the fact that research funding alone is not sufficient to cover the costs of running the Institute. The aim being to increase income from non-research funding sources in order to ensure that income covers all expenditure whilst allowing the Institute to meet its objectives and deliver suitable activities and impact.

### **Statement of Financial Activities**

The Statement of Financial Activities (SoFA) for the year shows a deficit, before recognised gains and losses, of £139,345 (2017: deficit £329,636) arising from gross unrestricted income of £1,774,330 (2017: £1,564,602) and £2,183,723 of restricted income (2017: £1,156,482).

Excluding the net credit of £20,538 (2017: charge of £10,071) relating to the movement in the USS deficit provision, the net deficit of the year was £159,883 (2017: deficit of £319,565) and can be summarised as follows:

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	2017-2018	2016-2017	2015-2016	2014-2015
	£	£	£	£
<b>Income</b>				
Fees for research work	2,855,117	1,731,450	2,289,700	2,052,500
Economic model fees	596,043	534,331	418,836	483,860
Publications	226,384	253,172	219,905	214,343
Corporate membership	92,459	54,500	49,500	49,500
Investment income	65,512	69,430	92,150	77,390
Other income	54,934	55,695	27,116	12,114
Donations	31,623	500	1,615	16,551
Rental income	31,490	18,262	9,107	-
Conference income	4,491	3,744	39,154	-
	<b><u>3,958,053</u></b>	<b><u>2,721,084</u></b>	<b><u>3,147,083</u></b>	<b><u>2,906,258</u></b>
<b>Expenditure</b>				
Staff costs*	2,376,385	2,014,621	2,386,667	2,525,000
Other expenditure	1,741,551	1,026,028	1,004,238	740,705
	<b><u>4,117,936</u></b>	<b><u>3,040,649</u></b>	<b><u>3,390,905</u></b>	<b><u>3,265,705</u></b>
 Net deficit excluding gain/loss on investments and USS deficit provision	 <b><u>(159,833)</u></b>	 <b><u>(319,565)</u></b>	 <b><u>(243,822)</u></b>	 <b><u>(359,447)</u></b>

\* For the purposes of comparability, staff costs above are shown exclusive of the movement in the USS deficit reduction provision as this does not relate to the operational activities of the Institute during the year (see note 7 to the financial statements).

Total income for the year to 31 March 2018 has risen by 45% compared to prior year, consisting of:

- A 65% increase in income from research work. This was primarily a result of income relating to the ESCoE and the 'Rebuilding Macroeconomics' Network, a high proportion of which is subsequently passed on to organisations partnering with the Institute under these initiatives. In addition, a new 'Education and Labour' microeconomics directorate was created during the year which also contributed significantly to the increase in research income.
- A 12% increase in income from the econometric model reflecting a number of new subscribers and the impact of inflationary price increases during the year..
- A 126% increase in corporate membership and other donations/contributions to the institute. Combined with the increase in econometric model income, this increase is in response to the Institute's strategic priority to further develop non-research income from the private sector and other partnerships.

Expenditure for the year has increased by 35%, primarily due to a large increase in direct research expenses, including costs relating to collaborative partners under ESCoE and Rebuilding Macroeconomics (see note 5 to the financial statements). The expenditure increase also includes an increase of 18% in staff costs (excluding the movement in the USS provision), reflecting higher average staff numbers during the year.

## Balance Sheet

Cash at bank and in hand increased by £886k during the year to £1,319k mainly as a result of net project funds received in advance. Within deferred income of £1,909k, £1,515k represented research projects of which approximately 80% (£1,212k) related to Rebuilding Macroeconomics and ESCoE projects. This was partially offset by debtors of £631k connected to ESCoE.

The level of unrestricted reserves on the balance sheet decreased to £2,239,377 at the end of the year compared to £2,419,900 at 31 March 2017 reflecting both the operational deficit and net unrealised losses within the investment portfolio.

Included in the balance sheet is a provision for liabilities of £413,468 (31 March 2017: £434,006). This represents a contractual obligation in relation to the University's Superannuation Scheme (USS) deficit recovery plan. This obligation extends to 2031, the period over which outflow related to this provision is expected, and is discounted to present value accordingly.

## Investment policy

The Investment Committee is responsible for managing all the invested assets held by the Charity. Paying due regard to investment risks, the Investment Committee seeks to manage the Institute's portfolio of investments with a view to maximising its total return in real terms, that is, the income generated by, and the capital growth of, the Institute's portfolio within parameters set by Trustees.

The overall objectives are to create sufficient income and capital growth to enable the Charity to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of and, if possible, enhancement of the value of the invested funds while they are retained.

	<b>Standard Criteria</b>
<b>Objective</b>	<i>'Balanced' return between income and capital</i>
<b>Risk</b>	<i>Medium</i>
<b>Mandate</b>	<i>Discretionary</i>
<b>Time Horizon</b>	<i>3-5 years</i>

During the year to 31 March 2018 there was a net reduction in the fair value of listed investments of £41,178 (2017: net gain of £363,886).

## Reserves policy and going concern

The Trustees aim to maintain free reserves in unrestricted funds at a level which provides sufficient funds for the ongoing running of the Institute as it recovers from the financial deficits of recent years. The level should be sufficient to cover:

- Legal obligations;
- Risks relating to the historic variability of research and trading income;
- Risks relating to the historic variability of investment income;
- Unforeseen day-to-day operational costs;
- Emergency costs;
- Any requirement to fund short-term cash deficits during the recovery period, and;
- Future development allowing for organisational innovation and growth.

Trustees have reviewed these risks and agree that the Institute will aim to hold free reserves of at least £2,000,000 in an unrestricted general fund. The balance held as unrestricted free reserves at 31 March 2018 is £2,239,377. These reserves are designed to be sufficient during the Institute's recovery period but will be subject to annual review by Trustees.

To facilitate the management of short-term cash flow fluctuations, a small amount of the reserves have been invested in easily accessible bank accounts.

The Trustees have considered the risks faced by the Institute and conclude that no material uncertainties related to events or conditions that may cast significant doubt over the ability of the Institute to continue as a going concern have been identified.

### Designated funds

The Institute holds a small proportion of its reserves as a 'designated' Work Experience support fund. This was established in 2011 from a legacy of £10,000 from a former Secretary, Mrs Kit Jones, and the money is to be used to provide an annual paid work placement for a sixth form student based in the London Borough of Barking and Dagenham, which is in line with the Institute's charitable aims.

The levels of any designated funds are subject to annual review by Trustees.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The Institute is both a company limited by guarantee and a registered Charity. It is governed by a Board of Trustees who are collectively responsible for the governance and strategic direction of the Institute together with its organisational and financial health and its external reputation and delivery of public benefit, in the context of its principal object as defined in the Memorandum and Articles of Association.

The Board of Trustees consists of senior representatives from the worlds of policy-making, business and academia. All new Trustee positions are advertised publicly with the aim of appointing a diverse board with an appropriate mix of skills. Trustees are appointed at the Institute's Annual General Meeting in November and co-opted at other times subject to election at the next AGM. Prior to election, Trustees are made aware of their obligations in relation to the Charity in line with the Memorandum and Articles of Association. New Trustees receive an induction into their role which includes understanding and fulfilling any training needs. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 7 and 9 to the accounts.

Council has three committees, consisting of the following Trustees and executive staff:

- Audit, Risk and Ethics Committee
  - Neil Gaskell (Chair)
  - Tera Allas
  - Keith Mackrell
  - Neville Manuel
  - Jagjit Chadha (Director) in attendance
  - John Kirkland (Chief Operating Officer) in attendance
- Investment Committee
  - Sir Alan Budd (Chair)
  - Professor Sir Charles Bean
  - Stephen Daryl King

- Giles Keating (co-opted)
- Jagjit Chadha (Director) in attendance
- John Kirkland (Chief Operating Officer) in attendance
- Nominations and Remuneration Committee
  - Professor Diane Coyle (Chair)
  - Alex Baker
  - Professor Lorna Unwin
  - Jagjit Chadha (Director)
  - John Kirkland (Chief Operating Officer) in attendance

Each committee reports to Council, making recommendations for Council review and decision.

Council delegates responsibility for the day to day running of the Institute to the Director, who reports to Council quarterly. The Director works to an agreed set of objectives and key performance indicators reviewed annually, manages the research portfolio and acts as the primary representative of the organisation externally. The Chief Operating Officer and Company Secretary of the Institute is responsible for the operational and commercial efficiency of the Institute.

## STAFFING

This period has seen significant staff changes. This has included 35 starters and 22 leavers. The Institute had a 48 headcount at the period end, equivalent to 43 full time employees. We have been very encouraged by the outcome of our recruitment, which has brought together a committed, talented and diverse group of staff. Eighteen of our 48 staff at the period end were female and around half of Institute staff are from outside of the UK.

The year has seen introduction of new salary scales, performance assessment procedures and a new staff handbook, updating many policies. Staff are now employed on one of seven grades, for which the experience and performance level required is published within the House Notes. Pay progression within each grade is determined by an annual pay review process which takes into consideration the following five criteria:

- size and impact of the organisation
- performance (including both business performance and individual performance)
- affordability
- market conditions
- cost of living index

Improvements have also been made in staff communications, whilst following the year end a new programme of research staff development and training is being developed, in conjunction with our Staff Consultative Committee.

The management recognise the Unite union as having collective bargaining rights in relation to pay, hours and holiday for all employees with the exception of the Director and the Chief Operating Officer. The Nominations and Remuneration Committee has the responsibility for setting the Director's remuneration and reviewing performance, and the Director has the responsibility for setting the remuneration of all other staff.

## STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The Trustees (who are also directors of The National Institute of Economic and Social Research for the purposes of company law) are responsible for preparing the Trustees' annual 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 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.

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

  
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Professor Diane Coyle, Chair

Date 7/11/18



**INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH**

**Opinion**

We have audited the financial statements of The National Institute of Economic and Social Research (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2018 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- The information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The Trustees' annual report has been prepared in accordance with applicable legal requirements

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

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

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

- Adequate accounting records have not been kept by the parent charitable company, 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' exemptions in preparing the Trustees' annual report and from the requirement to prepare a strategic report.

## Responsibilities of Trustees

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

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

## Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

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



Judith Miller (Senior statutory auditor)

15 November 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

The National Institute of Economic and Social Research

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2018

	Note	2018 Unrestricted £	2018 Restricted £	2018 Total £	2017 Unrestricted £	2017 Restricted £	2017 Total £
<b>Income from:</b>							
Donations and contributions		31,623	-	31,623	500	-	500
Charitable activities	2						
Research work		671,394	2,183,723	2,855,117	574,968	1,156,482	1,731,450
Econometric model		596,043	-	596,043	534,331	-	534,331
Publications		226,384	-	226,384	253,172	-	253,172
Other trading activities	3	183,374	-	183,374	132,201	-	132,201
Investments	4	65,512	-	65,512	69,430	-	69,430
<b>Total income</b>		<b>1,774,330</b>	<b>2,183,723</b>	<b>3,958,053</b>	<b>1,564,602</b>	<b>1,156,482</b>	<b>2,721,084</b>
<b>Expenditure on:</b>							
Charitable activities							
Research work		758,984	2,346,602	3,105,586	693,807	1,510,192	2,203,999
Econometric model		486,932	-	486,932	525,838	-	525,838
Publications		439,460	-	439,460	267,728	-	267,728
Other trading activities		59,157	-	59,157	34,236	-	34,236
Investment management		6,263	-	6,263	18,919	-	18,919
<b>Total expenditure</b>	5	<b>1,750,796</b>	<b>2,346,602</b>	<b>4,097,398</b>	<b>1,540,528</b>	<b>1,510,192</b>	<b>3,050,720</b>
<b>Net income / (expenditure) before net gains / (losses) on investments</b>		<b>23,534</b>	<b>(162,879)</b>	<b>(139,345)</b>	<b>24,074</b>	<b>(353,710)</b>	<b>(329,636)</b>
Net (losses) / gains investments		(41,178)	-	(41,178)	363,886	-	363,886
<b>Net income / (expenditure) for the year</b>	6	<b>(17,644)</b>	<b>(162,879)</b>	<b>(180,523)</b>	<b>387,960</b>	<b>(353,710)</b>	<b>34,250</b>
Transfers between funds		(162,879)	162,879	-	(353,710)	353,710	-
<b>Net movement in funds</b>		<b>(180,523)</b>	<b>-</b>	<b>(180,523)</b>	<b>34,250</b>	<b>-</b>	<b>34,250</b>
<b>Reconciliation of funds:</b>	21a						
Total funds brought forward		2,419,900	-	2,419,900	2,385,650	-	2,385,650
<b>Total funds carried forward</b>		<b>2,239,377</b>	<b>-</b>	<b>2,239,377</b>	<b>2,419,900</b>	<b>-</b>	<b>2,419,900</b>

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 21a to the financial statements.

The National Institute of Economic and Social Research

Balance sheets

Company no. 0341010

As at 31 March 2018

	Note	The group		The charity	
		2018	2017	2018	2017
		£	£	£	£
<b>Fixed assets:</b>					
Tangible assets	11	147,268	180,927	147,268	180,927
Investments	12	2,388,890	2,445,842	2,388,892	2,445,844
		<u>2,536,158</u>	<u>2,626,769</u>	<u>2,536,160</u>	<u>2,626,771</u>
<b>Current assets:</b>					
Debtors	15	1,208,551	810,136	1,208,551	810,136
Cash at bank and in hand		1,318,679	432,295	1,307,590	419,979
		<u>2,527,230</u>	<u>1,242,431</u>	<u>2,516,141</u>	<u>1,230,115</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	16	(2,410,543)	(1,015,294)	(2,399,454)	(1,002,978)
		<u>116,687</u>	<u>227,137</u>	<u>116,687</u>	<u>227,137</u>
<b>Net current assets</b>					
		<u>116,687</u>	<u>227,137</u>	<u>116,687</u>	<u>227,137</u>
<b>Total assets less current liabilities</b>		<u>2,652,845</u>	<u>2,853,906</u>	<u>2,652,847</u>	<u>2,853,908</u>
Provisions for liabilities	18	(413,468)	(434,006)	(413,468)	(434,006)
<b>Total net assets</b>	20a	<u>2,239,377</u>	<u>2,419,900</u>	<u>2,239,379</u>	<u>2,419,902</u>
<b>Funds:</b>	21a				
Restricted income funds		-	-	-	-
Unrestricted income funds:					
Designated funds		8,995	8,995	8,995	8,995
Fair value reserve		108,301	149,479	108,301	149,479
General funds		2,535,549	2,695,432	2,535,551	2,695,434
Pension reserve		(413,468)	(434,006)	(413,468)	(434,006)
		<u>2,239,377</u>	<u>2,419,900</u>	<u>2,239,379</u>	<u>2,419,902</u>
<b>Total funds</b>		<u>2,239,377</u>	<u>2,419,900</u>	<u>2,239,379</u>	<u>2,419,902</u>

Approved by the Trustees and signed on their behalf by

Professor Diane Coyle  
Chair, Council of Management

*Diane Coyle*

Date:

7/10/18

The National Institute of Economic and Social Research

Consolidated statement of cash flows

For the year ended 31 March 2018

	Note	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Net cash from / (used in) operating activities	22		807,513		(146,672)
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		65,512		69,430	
Purchase of fixed assets		(2,414)		(10,893)	
Proceeds from sale of investments		-		2,511,532	
Purchase of investments		(181,665)		(2,090,070)	
			<u>(118,567)</u>		<u>479,999</u>
<b>Net cash (used in) / provided by investing activities</b>			<b>(118,567)</b>		<b>479,999</b>
<b>Change in cash and cash equivalents in the year</b>			<b>688,946</b>		<b>333,327</b>
Cash and cash equivalents at the beginning of the year			<u>673,336</u>		<u>340,009</u>
<b>Cash and cash equivalents at the end of the year</b>	23		<b><u>1,362,282</u></b>		<b><u>673,336</u></b>

Notes to the financial statements

For the year ended 31 March 2018

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**1 Accounting policies**

**a) Statutory information**

The National Institute of Economic and Social Research is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is 2 Dean Trench Street, Smith Square, London, SW1P 3HE.

**b) 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) (September 2015) 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 NIESR Services 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.

**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.

**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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) 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.



Notes to the financial statements

For the year ended 31 March 2018

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**1 Accounting policies (continued)**

**g) 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.

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.

**h) 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:

- Expenditure on charitable activities includes the costs of research work, the provision of our econometric model and the provision of our quarterly review, and their associated support costs.
- Other expenditure includes the cost of management of our investment portfolio and other activities.

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

**i) Allocation of support costs**

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

Support and governance costs, including the salary and overhead costs of the central function, 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 in the year.

	2018	2017
● Research work	70.5%	73.4%
● Econometric model	15.4%	19.4%
● Publications	11.8%	5.6%
● Other trading activities	2.1%	1.4%
● Investment management	0.2%	0.2%

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.

**j) Operating leases**

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

**1 Accounting policies (continued)**

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £1,500. 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:

● Property improvements	10 years
● Office and computer equipment	3 years
● IT upgrade	4 years
● Website development	4 years

Land is not depreciated as it is deemed to have an infinite useful life.

**l) Listed investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

**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) Short term deposits**

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

**p) 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.

**q) 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.

**r) Financial instruments**

With the exception of the listed investments described above, 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.

**1 Accounting policies (continued)**

**s) Pensions**

The charity participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the charity therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of financial activities represents the contributions payable to the scheme. Since the charity has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The charity also operates an Auto-Enrolment Compliant (AE) defined contribution scheme. The assets of these schemes are individually held by its members. Contributions to these schemes in the year were charged to the statement of financial activities as incurred.

**t) Critical accounting judgements**

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

**u) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The National Institute of Economic and Social Research

Notes to the financial statements

For the year ended 31 March 2018

2 Income from charitable activities

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
<b>Research work</b>				
European Commission institutions	77,110	35,052	112,162	274,048
Research Councils	–	402,651	402,651	470,722
Government departments	407,147	1,099,811	1,506,958	496,033
Trusts and Foundations	34,693	646,209	680,902	270,698
Other	152,444	–	152,444	219,949
Sub-total for research work	671,394	2,183,723	2,855,117	1,731,450
<b>Econometric model fees</b>				
Subscriptions	596,043	–	596,043	534,331
Sub-total for econometric model fees	596,043	–	596,043	534,331
<b>Publications</b>				
Sales and other income from publications	226,384	–	226,384	253,172
Sub-total for publications	226,384	–	226,384	253,172
Total income from charitable activities	1,493,821	2,183,723	3,677,544	2,518,953

3 Income from other trading activities

	2018 Total £	2017 Total £
Corporate membership	92,459	54,500
Room rental	31,490	18,262
Other income	59,425	59,439
	<b>183,374</b>	<b>132,201</b>

All income from other trading activities is unrestricted.

4 Income from investments

	2018 Total £	2017 Total £
Dividends	64,226	68,462
Bank interest	1,286	968
	<b>65,512</b>	<b>69,430</b>

All income from investments is unrestricted.

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5 Analysis of expenditure

	Raising funds			Charitable activities						2017 Total £
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	2018 Total £		
Staff costs (Note 7)	4,244	40,061	221,430	287,852	1,318,366	-	483,894	2,355,847	2,024,692	
Fees and other direct costs	-	-	112,371	38,478	988,919	-	-	1,139,768	403,784	
Travel and subsistence	-	-	-	594	36,692	282	4,581	42,149	33,822	
Books and journals	-	-	-	-	-	-	16,354	16,354	26,310	
Research materials	-	-	-	20,561	62,294	-	-	82,855	57,856	
Sundry expenses	-	33	291	2,472	71,968	1,543	95,145	171,452	176,637	
Premises	-	-	-	-	-	-	105,395	105,395	111,190	
IT	-	-	-	-	-	-	93,787	93,787	86,517	
Professional fees	-	-	-	-	-	15,050	33,859	48,909	76,165	
Depreciation	-	-	-	-	-	-	36,073	36,073	40,284	
Finance costs and bad debts	-	-	-	-	-	50	4,759	4,809	13,463	
	4,244	40,094	334,092	349,957	2,478,239	16,925	873,847	4,097,398	3,050,720	
Support costs	1,981	18,701	103,366	134,372	615,427	-	(873,847)	-	-	
Governance costs	38	362	2,002	2,603	11,920	(16,925)	-	-	-	
<b>Total expenditure 2018</b>	<b>6,263</b>	<b>59,157</b>	<b>439,460</b>	<b>486,932</b>	<b>3,105,586</b>	<b>-</b>	<b>-</b>	<b>4,097,398</b>	<b>3,050,720</b>	
Total expenditure 2017	18,919	34,236	267,728	525,838	2,203,999	-	-	-	3,050,720	

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For the year ended 31 March 2018

**6 Net income / (expenditure) for the year**

This is stated after charging:

	2018 £	2017 £
Depreciation	36,073	40,284
Auditor's remuneration (excluding VAT):		
Audit	14,750	14,300
Other services	5,300	-
Foreign exchange losses	2,177	2,188
	<u>          </u>	<u>          </u>

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

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	1,806,673	1,573,770
Interim management costs	117,850	-
Redundancy and termination costs	-	21,955
Social security costs	190,505	165,763
Employer's contribution to defined contribution pension schemes	14,651	10,347
Employer's contribution to defined benefit pension schemes	246,706	242,786
Movement in provision for USS pension scheme	(20,538)	10,071
	<u>2,355,847</u>	<u>2,024,692</u>

The following number of employees received employee benefits exceeding £60,000 (excluding employer pension costs and employer's national insurance) during the year between:

	2018 No.	2017 No.
£60,000 - £69,999	2	-
£70,000 - £79,999	2	4
£80,000 - £89,999	-	2
£90,000 - £99,999	1	-
£110,000 - £119,999	-	1
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
	<u>          </u>	<u>          </u>

The key management of the charity comprise the trustees, the Director and the Chief Operating Officer. The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £287,567 (2017: £284,661). This included costs associated with the interim Chief Operating Officer from 15 January 2018 until 31 March 2018.

As permitted by the charity's memorandum and articles of association, the Director is also a member of the Council of Management. The Director received employee benefits of £150,000 (2017: £140,250). No other charity trustees were paid nor received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and totalled £282 (2017: £493) incurred by 1 (2017: 1) member relating to attendance at meetings of the trustees.

**8 Staff numbers**

The average number of employees (head count based on number of staff employed and interim management personnel) during the year was 43 (2017: 36).

**9 Related party transactions**

There are no related party transactions to disclose for 2018 (2017: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

**10 Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. All profits from the charity's trading subsidiary NIESR Services Limited are paid to the parent charity by way of a distribution under gift aid and a corresponding tax credit is recorded at the point of the distribution, therefore there is no liability to corporation tax in either the current or prior financial year.

**11 Tangible fixed assets**

**The group and charity**

	Freehold property £	Property improvements £	IT and office equipment £	Website £	Total £
<b>Cost</b>					
At the start of the year	118,380	108,115	147,602	42,498	416,595
Additions in year	–	–	2,414	–	2,414
At the end of the year	118,380	108,115	150,016	42,498	419,009
<b>Depreciation</b>					
At the start of the year	–	85,411	109,778	40,479	235,668
Charge for the year	–	10,812	23,242	2,019	36,073
At the end of the year	–	96,223	133,020	42,498	271,741
<b>Net book value</b>					
At the end of the year	118,380	11,892	16,996	–	147,268
At the start of the year	118,380	22,704	37,824	2,019	180,927

During 2016 the charity sought independent professional advice in relation to the value of its freehold property. This advice indicated a valuation significantly in excess of the carrying value of the assets in the financial statements. As a result the charity reconfirmed its practice in recent years of not depreciating its freehold

All of the above assets are used for charitable purposes.

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12 Investments

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Fair value at the start of the year	2,204,801	2,262,377	2,204,801	2,262,377
Additions at cost	181,665	2,090,070	181,665	2,090,070
Disposal proceeds	–	(2,511,532)	–	(2,511,532)
Net (loss)/gain on change in fair value	(41,179)	363,886	(41,179)	363,886
Listed investments	2,345,287	2,204,801	2,345,287	2,204,801
Investment in subsidiary companies	–	–	2	2
Cash held by investment broker	43,603	241,041	43,603	241,041
Fair value at the end of the year	2,388,890	2,445,842	2,388,892	2,445,844
Historic cost at the end of the year	2,280,589	2,296,363	2,280,591	2,296,365

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NIESR Services Limited, a company registered in England. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed under gift aid to the charitable company. The Director and Chief Operating Officer of the charitable company are also directors of the subsidiary. A summary of the results of the subsidiary is shown below:

	2018 £	2017 £
Turnover	226,562	252,994
Cost of sales	(112,371)	(131,109)
Gross profit	114,191	121,885
Administrative expenses	(156)	(187)
Profit on ordinary activities before interest and taxation	114,035	121,698
Interest receivable and similar income	–	8
Profit on ordinary activities before taxation	114,035	121,706
Taxation on profit on ordinary activities	–	–
Profit for the financial year	114,035	121,706
<b>Retained earnings</b>		
Retained earnings brought forward	–	–
Profit for the financial year	114,035	121,706
Profits distributed to parent under gift aid	(114,035)	(121,706)
Retained earnings carried forward	–	–

No management charges from the parent entity were incurred by the subsidiary undertaking. Amounts owed from the parent company are shown in note 16.



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For the year ended 31 March 2018

14 Parent charity

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

	2018 £	2017 £
Gross income	3,731,491	2,468,082
Result for the year	<u>(294,558)</u>	<u>(87,456)</u>

15 Debtors

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	803,892	476,926	803,892	476,926
Prepayments and other debtors	66,426	37,221	66,426	37,221
Accrued income	338,233	295,989	338,233	295,989
	<u>1,208,551</u>	<u>810,136</u>	<u>1,208,551</u>	<u>810,136</u>

With the exception of listed investments, all of the group's financial instruments, both assets and liabilities, are measured at amortised cost.

16 Creditors: amounts falling due within one year

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Trade creditors	121,239	168,463	121,239	168,463
Taxation and social security	161,646	101,230	161,646	101,230
Amounts owed to subsidiary undertaking	-	-	35,516	22,538
Accruals	219,035	89,990	219,033	89,990
Deferred income (note 17)	1,908,623	655,611	1,862,020	620,757
	<u>2,410,543</u>	<u>1,015,294</u>	<u>2,399,454</u>	<u>1,002,978</u>

17 Deferred income

Deferred income comprises income received in advance of the provision of a specified service.

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Econometric model subscriptions	317,251	355,246	317,251	355,246
Research work	1,515,173	180,422	1,515,173	180,422
Corporate membership	25,521	58,292	25,521	58,292
Royalty income	46,603	34,854	-	-
Other	4,075	26,797	4,075	26,797
Balance at the end of the year	<u>1,908,623</u>	<u>655,611</u>	<u>1,862,020</u>	<u>620,757</u>

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18 Provisions for liabilities

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
<b>Obligation to fund deficit on USS pension</b>				
At the start of the year	434,006	423,935	434,006	423,935
Movement in year	(20,538)	10,071	(20,538)	10,071
At the end of the year	<b>413,468</b>	434,006	<b>413,468</b>	434,006

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. The USS deficit recovery plan extends to 2031, the period over which outflow related to this provision is expected. The changes in salary costs and staff numbers have been assessed using the forecast impact of the Institute's plans on the number of staff employed, and known statutory and other increases to pay. The discount rate used is considered to be the equivalent of that of a high quality corporate bond.

19a Pension schemes – Universities Superannuation Scheme (USS)

The total cost charged to the statement of financial activities for the year relating to USS pensions was £226,168 (2017: £252,857) as shown in note 7.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

Since the institution cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £41.6 billion and the value of the Scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the Scheme for accounting purposes have been produced using the following assumptions as at 31 March 2017 and 2018.

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	98% of SAPS S1NA "light" YOB unadjusted for males. 99% of SAPS S1NA "light" YOB with a -1 year adjustment for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_2014 with a long term rate of 1.5% p.a.

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19a Pension schemes – Universities Superannuation Scheme (USS) (continued)

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0
	2018	2017
Scheme assets	£63.6 bn	£60.0 bn
Total scheme liabilities	£72.0 bn	£77.5 bn
FRS 102 total Scheme deficit	£8.4 bn	£17.5 bn
FRS 102 total funding level	88%	77%

19b Pension schemes – defined contribution

The group operates an Auto-Enrolment Compliant (AE) defined contribution scheme with Legal and General for non-research staff members who do not qualify for the Universities Superannuation Scheme.

The total cost charged to the statement of financial activities for the year relating to non-USS pension contributions was £14,651 (2017: £10,347) as shown in note 7.

20a Analysis of group net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	147,268	–	–	147,268
Investments	2,388,890	–	–	2,388,890
Net current assets	107,692	8,995	–	116,687
Provisions for liabilities	(413,468)	–	–	(413,468)
<b>Net assets at 31 March 2018</b>	<b>2,230,382</b>	<b>8,995</b>	<b>–</b>	<b>2,239,377</b>

20b Analysis of group net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	180,927	–	–	180,927
Investment properties	–	–	–	–
Investments	2,445,842	–	–	2,445,842
Net current assets	218,142	8,995	–	227,137
Provisions for liabilities	(434,006)	–	–	(434,006)
<b>Net assets at 31 March 2017</b>	<b>2,410,905</b>	<b>8,995</b>	<b>–</b>	<b>2,419,900</b>

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21a Movements In funds (current year)

	At 1 April 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2018 £
<b>Restricted funds:</b>	-	2,183,723	(2,346,602)	162,879	-
<b>Total restricted funds</b>	-	2,183,723	(2,346,602)	162,879	-
<b>Unrestricted funds:</b>					
Designated funds:					
Work experience support fund	8,995	-	-	-	8,995
NIESR building fund	-	-	-	-	-
<b>Total designated funds</b>	8,995	-	-	-	8,995
<b>Fair value reserve</b>	149,479	-	-	(41,178)	108,301
<b>General funds</b>	2,695,432	1,774,330	(1,791,974)	(142,239)	2,535,549
<b>Pension provision</b>	(434,006)	-	-	20,538	(413,468)
<b>Total unrestricted funds</b>	2,419,900	1,774,330	(1,791,974)	(162,879)	2,239,377
<b>Total funds</b>	2,419,900	3,958,053	(4,138,576)	-	2,239,377

The narrative to explain the purpose of each fund is given at the foot of the note below.

21b Movements in funds (prior year)

	At 31 March 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2017 £
<b>Restricted funds:</b>	-	1,156,482	(1,510,192)	353,710	-
<b>Total restricted funds</b>	-	1,156,482	(1,510,192)	353,710	-
<b>Unrestricted funds:</b>					
Designated funds:					
Work experience support fund	10,000	-	-	(1,005)	8,995
NIESR building fund	20,000	-	-	(20,000)	-
<b>Total designated funds</b>	30,000	-	-	(21,005)	8,995
<b>Fair value reserve</b>	-	-	-	149,479	149,479
<b>General funds</b>	2,779,585	1,928,488	(1,540,528)	(472,113)	2,695,432
<b>Pension provision</b>	(423,935)	-	-	(10,071)	(434,006)
<b>Total unrestricted funds</b>	2,385,650	1,928,488	(1,540,528)	(353,710)	2,419,900
<b>Total funds</b>	2,385,650	3,084,970	(3,050,720)	-	2,419,900

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21b Movement in funds (prior year) (continued)

**Purposes of restricted funds**

Restricted funds represent amounts received from funders which have to be used for the specific purpose for which they were given. Restricted income is set out by source below for all funders contributing in excess of £30,000 of restricted income during the year.

	2018 Total £	2017 Total £
Office for National Statistics	1,099,811	258,695
Economic and Social Research Council	389,381	412,132
Education Endowment Foundation	355,250	144,373
Nuffield Foundation	120,763	29,851
Gatsby Foundation	79,843	64,446
Leverhulme Trust	38,578	1,366
Joseph Rowntree Foundation	37,234	-
European Commission institutions	35,052	153,675
Medical Research Council	-	58,590
Other	27,811	33,354
	<u>2,183,723</u>	<u>1,156,482</u>

**Purposes of designated funds**

Work experience support fund: Funded from a legacy of £10,000 received in 2011 from a former Secretary, Mrs Kit Jones, this designated fund is to enable paid work placements for sixth form students from the London Borough of Barking and Dagenham.

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

	2018 £	2017 £
<b>Net (expenditure) / Income for the year (as per the statement of financial activities)</b>	<b>(180,523)</b>	<b>34,250</b>
Depreciation charges	36,073	40,284
Losses/(gains) on investments	41,179	(363,886)
Dividends, interest and rent from investments	(65,512)	(69,430)
(Increase)/decrease in debtors	(398,415)	63,187
Increase in creditors	1,395,249	138,852
(Decrease)/increase in provisions for liabilities	(20,538)	10,071
<b>Net cash provided by / (used in) operating activities</b>	<b><u>807,513</u></b>	<b><u>(146,672)</u></b>

23 Analysis of cash and cash equivalents

	At 1 April 2017 £	Cash flows £	Other changes £	At 31 March 2018 £
Cash at bank and in hand	432,295	886,384	-	1,318,679
Cash held within investments	241,041	(197,438)	-	43,603
<b>Total cash and cash equivalents</b>	<u>673,336</u>	<u>688,946</u>	<u>-</u>	<u>1,362,282</u>