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 2019

Contents

REFERENCE AND ADMINISTRATIVE INFORMATION

Chief Executive/ Director
Professor Jagjit Chadha

Chief Operating Officer and Company Secretary

Jeremy Holmes	(resigned 29 June 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 2019 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 Audit, Risk and Ethics Committee of Council undertook a specific review during the year to confirm that our portfolio of activities continued to conform with our charitable objectives.

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 over 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. Our reputation for dissemination and impact was recognised in February 2019, with the award of an Impact Acceleration Account (IAA) from the Economic and Social Research Council. NIESR is one of only two institutions outside the university sector to receive such recognition.

The IAA will allow us, for the first time, a small element of funding specifically to make our research and expertise available to non-academic user groups. The range of events and target audience for them is broadening significantly as a result of this. These form part of a wider strategy for impact, which includes:

- Holding policy specific and academic workshops and seminars, which are 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. Many can also be viewed remotely through live streaming, or downloaded after the event.
- 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 has not hitherto engaged 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

Overview

2018-19 saw the successful completion of a three year sustainability plan, agreed following the appointment of the current Director in 2016. We are particularly pleased to report our first financial surplus since 2010 (excluding increased provision for long term pension liabilities and unrealised gains and losses on investments). The historical comparisons on page 11 below demonstrate the significant transformation in our finances during that period, recognising a significant achievement on the part of staff. The result reflected a 22% increase in income, with expenditure increasing by 16%, as detailed more fully in the comparisons below.

We have striven to ensure that financial improvements have been achieved in ways which are consistent with our core values of quality, rigour and independence. We are particularly concerned to attract programmes of a longer term duration, which complement our shorter term projects that respond to the needs of specific funders. Given the critical importance of communications to our strategy, we were particularly pleased to be awarded a four year Impact Acceleration Account grant from the Economic and Social Research Council, providing funding for the dissemination of our research work. This represents our fourth multi year source of funding, alongside our hosting of the externally funded *Rebuilding Macroeconomics* programme and *Economic Statistics Centre of Excellence*, and our participation in the *Centre for Vocational Education and Training.*

The year has also seen improvements in efficiency and cost control, including reductions in slippage between and within projects, closely controlled administrative costs and continued emphasis on externally accredited quality systems. During the year we successfully maintained our accreditation under three ISO Standards: ISO 90001 on Quality Management, ISO 14001 on Environmental Management and ISO 27001 on Information Security Management.

Economic Statistics Centre of Excellence

The Economic Statistics Centre of Excellence (ESCoE) is funded by the Office of National Statistics, and has been hosted by NIESR since its inception in 2017. The centre aims to deliver research to support the development of economic statistics for the modern economy, to foster collaboration between national statisticians and the research community, and to provide an environment for the development of a wider research community in the area of economic measurement. The Centre was a response by ONS to an independent review of UK Economic Statistics by Professor Sir Charles Bean. Since its establishment we have been able to significantly broaden the funding base, with research also being supported by the

Department for International Trade, the Economic and Social Research Council (ESRC) and the Organisation for Economic Co-operation and Development (OECD).

ESCoE research is delivered by academics and researchers from NIESR and many other institutions and also benefits from its active international network of experts and visitors. The ESCoE is now embarking on its second round of ONS funded research projects following its second annual conference on Economic Measurement, which was held at King's College London 8-10 May 2019.

ESRC Rebuilding Macroeconomics Programme

Rebuilding Macroeconomics (RM) is an Economic and Social Research Council (ESRC) 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 transform macroeconomics back into a policy relevant social science.

Over half of the £3.6mn of funding is intended to support pilot research projects which have the potential to open-up new areas of research to understanding the macroeconomy. Most of the funding will be distributed through 'Research Hubs' which are groups 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 to consider possible new methods of investigation.

The six RM research hubs which have been set up to co-ordinate the research projects have now largely completed their research calls. 31 research projects have been funded to date, and we expect a further three projects will be finalised in the near future. RM is thus now moving on to a new phase, which focuses on the monitoring of these projects, to ensure their completion to satisfactory standards by October 2020; and on the dissemination of their outputs, beginning with a conference to be held in Edinburgh on 19 and 20 September 2019. Discussions are also starting with regard to the format and content of the final "road map" of recommendations to be presented to ESRC at the end of the RM period of operation.

Macroeconomic Modelling and Forecasting

The macroeconomics team of around a dozen economists, under the leadership of Dr Garry Young. The team, most of whom have been recruited within the last two years, has continued to make a substantial contribution across a range of activities.

The main focus of the team's work continues to be the quarterly forecast of the UK and global economies. In view of the uncertainty about the eventual Brexit outcome, the main UK forecast has been conditioned on a soft Brexit with other possibilities shown as variants. In mid-November, we published and received substantial publicity for the first independent report on the economic consequences of the government's proposed Brexit deal. The global forecast has proved very accurate despite uncertainty surrounding tariffs and other protectionist measures. As well as the quarterly forecasts, we have continued to extend our range of short-term products. In the past year we have launched monthly GDP and wage trackers and a regular comment on CPI inflation. These are helping to promote our work on nowcasting and forecasting more generally, as is our new Business Conditions Forum, established with support from the ESRC Impact Acceleration Account, which had its inaugural meeting in May 2019.

The forecast and other macroeconomic analysis is based around our global macroeconomic model, NiGEM. Substantial effort goes into answering queries from NiGEM's substantial client base and training. In February we hosted a meeting with NiGEM subscribers from the policy community where we presented some new work on using NiGEM to model the economic effects of climate change. This is expected to be an important area of future work.

A key part of the team's work over the year has been to promote NiGEM. Special sessions on NiGEM were included in both the Royal Economic Society and Money Macro Finance conferences in 2018. The May 2018 Review contained an overview of NiGEM as well as papers on how it is used by colleagues from OECD, Deutsche Bundesbank, Central Bank of Ireland, Banque de France and Rabobank. The November *Review* included articles on the contribution made by the Institute to macroeconomic modelling as part of the 80th anniversary celebrations. These focused mainly on the past thirty-five years, but also include a summary of how the Institute got into forecasting and macroeconomic modelling in the first place.

The team have also been involved with a wide range of project work including nowcasting, measurement of adult social care, business cycle dating, the relationship between public and private sector pay, the public finance implications of an all-age graduate tax and using textual analysis to measure sentiment.

Education and Labour Markets

The work of the Education and Labour Directorate, led by Stefan Speckesser, covers three broad strands. Research on vocational education has continued to be a key focus for the Directorate. This includes our ongoing involvement in the Centre for Vocational Education Research (CVER), funded by the Department for Education, in which NIESR partners with the London School of Economics (the lead institution), the University of Sheffield and London Economics, and additional research funded by Impetus and the Social Mobility Commission. Topics covered have included higher vocational education, the impact of apprenticeships on firm productivity and individual wages, the effectiveness of non-cognitive skills interventions for young people leaving secondary education with few or no GCSEs and local measures of employment progression for young people from disadvantaged backgrounds.

The Directorate has also continued to undertake research on the effectiveness of educational interventions, as well as broader issues relating to school performance. Research funded by the Education Endowment Foundation (and undertaken in collaboration with the Employment and Social Policy Directorate) has encompassed evaluations of interventions across early years, primary and secondary education, such as trials of a growth mindset intervention in primary schools, a programme aimed at boosting children's mathematical reasoning skills, and an intervention training teachers in the use of research tools to improve language in the early years.

A third strand of research within the Directorate focuses on issues relating to employment, labour markets and employment relations. This has included work on a survey of management practices among employers for the Department for Business, Innovation and Skills; ongoing work on the Fairer Active Ageing in Europe project, exploring inequalities associated with longer working lives; and research conducted as part of ESCoE on using administrative data to improve labour market statistics.

Employment and Social Policy

The work of the employment and social policy team focused on four areas: employer and public responses to immigration and Brexit; integration of migrants and minorities in schools; education interventions; and employers' policies and practices.

On immigration, the team completed research on public perceptions, funded by the Leverhulme Trust, disseminating the findings widely and achieving media coverage. It completed the first part of a project for BEIS on immigration policies elsewhere in Europe. The team continued tracking employers' responses to Brexit, including through research on health and social care for the Cavendish coalition and other employer events. The team also wrote numerous blogs for various sites, including the Conversation, Huffington Post and the Independent.

The directorate continued its education research, focusing this year on integration of migrant pupils, funded by the Paul Hamlyn Foundation, and on integration of religious and ethnic minorities, for the DfE. Dissemination of these findings included a roundtable event for teachers and education practitioners as well as numerous blogs. The team also published findings from a number of classroom and school-level interventions, funded by the Education Endowment Foundation.

The team also carried out research on employers' use of the national minimum wage youth rates for the Low Pay Commission. This research, due to be published later in the year, built on earlier NIESR research for BEIS on what employers would do in the absence of the national minimum wage for BEIS.

Trade, Productivity and Investment

Research undertaken by the Trade, Investment and Productivity (TIP) directorate is organised around high-level policy issues in the UK. These currently concern the drivers of growth and productivity in modern economies with a focus on the productivity puzzle and the digital economy, structural reasons for long-term spatial economic disparities, and the implications of large economic shocks and uncertainty – such as leaving the European Union – on trade, productivity and global value chains.

Our work considers the so-called 'productivity puzzle', both from a UK and international perspective. For example, we now have a better understanding of which industrial sectors account for most of the productivity shortfalls. Some of the structural factors explored by the team are related to technological change, digitalisation and the increasing importance of intangible inputs. Linked to this, the team is intensively involved in projects designed to improve economic measurement within the ESCoE programme described above. One of these projects is looking at broader issues of regional performance, focusing on the measurement of economic welfare and wellbeing. For this we collaborate with Prof Martin Weale (KCL) and Prof James Mitchell (Warwick). Other projects look at issues related to welfare based on digital compared to 'traditional' goods and services, and the role of process innovation related to value chains based on intangible inputs such as a data and advanced digital production techniques such as artificial intelligence. The latter project is co-led by Prof Diane Coyle (Cambridge).

Regional economic disparities in the UK remain high and are visible on the level of productivity, degree of digitalisation and quality of infrastructure. However, less is known about how to design and implement better policies to tackle such regional inequalities, which is also a key issue for the Local Industrial Strategies. Members of the team actively take part in these debates and engage with key stakeholders, including the recent UK2070 Commission. A current project funded by BEIS looks at the drivers of regional innovation and growth in the UK, using firm-level and regional level data and state of the art econometric techniques. For this particular project we are collaborating with leading academics from the LSE Department of Geography and the University of Birmingham. The aim of the project is to answers questions on why some places are more innovative than others and are able to translate innovation into higher levels of productivity and growth. We furthermore differentiate between returns to publicly- vs. privately-funded innovation across UK regions, and assess the importance of agglomeration economies and spatial spillovers.

A final project related to measurement is funded by the Department International Trade and investigates the magnitude of the 'Rotterdam effect' (i.e. goods passing through the Dutch port that are destined for another EU country) for the UK economy. should provide policymakers with a much better understanding of trade flows between the UK and other EU countries compared Non-EU countries. Findings from this project are needed to fully understand the UK's participation in complex global value chains, which is also highly relevant for any future trade negotiations.

Communication and Dissemination

The Institute continues to prioritise the dissemination of its research findings, through publications, media and, increasingly tailor-made events. Some key measures of our activity can be found in the table below:

Reports, articles, book chapters	*Conference and seminars presentations*	*Appearances or mentions on broadcast media*	*Mentions in local and national newspapers*	*Twitter followers*	*LinkedIn followers*	*Website views*
121	*56*	*304*	*3,850*	*10,345*	*2,961*	*426,776*

The *National Institute Economic Review* continues to attract regular overage in the national and international media, with outlets such as the *Times, Guardian and Telegraph,* typically covering multiple items in each issue. Our new and enhanced GDP and wage trackers, which provide earlier estimates of key economic indicators than are available elsewhere, also received widespread attention.

Our researchers published a number of influential reports, which were tailored towards specific policy debates and received media and stakeholders' attention. Among the many highlights were our report on the impact of Brexit on NHS staffing for Cavendish, was covered extensively by broadsheets, tabloids and specialist press alike and continues to be referred to and mentioned in the media. Our Global Teacher Status Index Report for the Varkey Foundation, which compared the status of teachers in 35 countries, also received attention around the world. Another report, for the People's Vote Campaign, assessing the economic impact of the Government's proposed Brexit deal was covered extensively by all mainstream national and regional media and several broadcasters, as well as outlets around the world, with dedicated pieces appearing on major news sites, from Argentina to Thailand, UAE to Germany, Vietnam to Italy, Sweden, Turkey, China, New Zealand, Russia, South Korea, Romania, Nigeria, Czech Republic, India, Spain, Ghana, France, and the USA.

Senior researchers appeared in front of a variety of committees in the House of Commons and our work continues to be referenced by MPs in tweets, speeches and newspaper columns. In a debate in the Lords about the perils of no-deal Brexit Lord Stern mentioned NIESR as one of the 'serious economic bodies' who have done research on this during a debate in the House about the perils of a no deal Brexit. Jeremy Corbyn has mentioned our research several times in the House. Our analysis on fiscal rules was featured in Global Government Forum (a website aimed at senior civil servants). NIESR was among the 'top economic institutions' lavishly praised by Chris Giles in his FT column arguing that economic analysis has been 'on the money' on Brexit.

Our regular briefings for media, senior economists and embassy personnel continue to be extremely popular and we are now gearing up to build new audiences and plan new areas and strategies of dissemination thanks to the IAA award.

PLANS FOR THE FUTURE

The achievement of a financial surplus (excluding future pension provisions) for the first time since 2010, represented a significant milestone. We are aware, however, that much more needs to be done, to build on these achievements and maximise our sustainability and impact in the long-term. To this end, the Trustees are developing a new strategic plan, which will be presented at the Annual Meeting of Governors in December. The strategy will be based around four areas.

The first of these is a continuing emphasis on **quality**. This will involve the retention and recruitment of high quality staff, developing our research base through stronger relationships with selected partner universities and development of the *National Institute Economic Review* as an internationally recognised journal, in partnership with our new publisher, Cambridge University Press. Building on the Institute's excellent reputation as an early career destination, a longer term aspiration is to secure funding for a new strand of junior fellowships, which will enable young economists of the highest international standard to spend time at the Institute.

Quality will also continue to be emphasised in our non-research activities, though continued accreditation under ISO standards relevant to our work. 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 confirmed during the year. Going forward the Institute will continue to embed these policies and procedures and encourage a culture of continual review and improvement.

Second, the strategy will emphasise **relevance and impact**. Our new ESRC Impact Acceleration Account recognises NIESR's strength and potential in this area, and provides us with opportunities to further expand our work. Specific units of activity are being developed to support our work with user groups in business, parliament and government, education and the third sector and the regions. The latter is being supported by closer partnerships with universities throughout the UK. We will also recognise the role which Governors, Corporate Members and Fellows can play in bringing our work to new audiences, and hope to increase our engagement with all of these categories.

Third, we seek to further develop our **outreach activities**, in accordance with our charitable status. The Institute is keen to enhance awareness of its research areas in schools and universities, and in particular to increase opportunities for groups previously under represented in the profession. In addition to increasing the number of events that we stage for educational audiences, we are active in campaigns through the Royal Economic Society and with other independent research organisations to make careers in economics and research more widely available. We are also exploring ways to make our research materials more widely available to educational institutions.

Finally, the strategy aims to build on the achievements of the past year to ensure that our current **financial sustainability** provides a platform for future development**.** This will include continued emphasis on internal efficiency, investment in the marketing of services such as the National Institute Global Econometric Model (NIGEM), exploration of new routes to income generation, and attracting a wider range of financial supporters. By so doing, we aim to re-build our reserves and enhance the support for staff in producing cutting edge research. The establishment of a Development Committee, under the leadership of the Institute President, is a particularly important innovation in this area.

RISK MANAGEMENT

The Institute Risk Register is kept under regular review by management and Trustees, through internal monitoring, and the oversight provided by the Audit, Risk and Ethics Committee (AREC). These processes have covered both short- and long-term risks. During the past year AREC has undertaken deep dive discussions of our compliance with our charitable status, the risks involved in income generation and the need to develop new products and services.

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. Work is also being undertaken to develop financial and project management, including the appointment of a new Project Support Coordinator, improved systems for more regular internal reporting, utilisation management and reporting, backed by a system of key performance indicators. These are leading to a significant reduction in slippage rates between projects and more robust charging policies, which are contributing to improved financial performance.

FINANCIAL REVIEW

The financial year 2018-19 completed the turnaround programme initiated by Trustees in January 2016. This had been necessitated by several years of substantial financial deficit and use of reserves. We continue to re-build our business model in ways that mitigate the risks around the research funding environment and the need to balance research funding from pubic and charitable bodies that do not meet the full cost of their work, with work for external bodies that can subsidise these activities. We also plan to increase income from non-research funding sources to support our work.

Statement of Financial Activities

Although the Institute achieved a small operational surplus in its activities during the year, the Statement of Financial Activities (SoFA) for the year shows a deficit, before recognised gains and losses, of £684,385 (2018: deficit £139,345) arising from gross unrestricted income of £2,261,673 (2018: £1,774,330) and £2,569,465 of restricted income (2018: £2,183,723).

This result largely reflects the impact of accounting for a new USS deficit recovery plan that has been put in place as part of the USS 2017 valuation. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The Institute's pension liability provision at 31 March 2019 reflects this plan and this has resulted in an increase in the deficit provision of £724,117 for the year (2018: decrease of £20,538). This significant change represents an increase in the present value of future deficit reduction payments due to the increased contribution rate and duration of the new recovery plan. Subsequent to the balance sheet date, the USS 2018 valuation has been finalised including a new deficit recovery plan. This is disclosed as a post-balance sheet event in note 23 to the financial statements and indicates a provision required of approximately £705,000, a reduction of £433,000 from the 2017 valuation provision recorded in the financial statements at 31 March 2019. This reduction in the USS deficit provision will be reflected in the financial statements for the year ending 31 March 2020.

Excluding the movement in the USS deficit provision and unrealised gains/losses on investments, the Institute recorded a net surplus for the year of £39,732 (2018: deficit of £159,883) as set out in the following table:

	2018-2019	2017-2018	2016-2017	2015-2016
	£	£	£	£
Income				
Fees for research work	3,638,504	2,855,117	1,731,450	2,289,700
Economic model fees	637,609	596,043	534,331	418,836
Publications	225,458	226,384	253,172	219,905
Corporate membership	96,562	92,459	54,500	49,500
Donations and contributions	76,548	31,623	500	1,615
Investment income	68,540	65,512	69,430	92,150
Other income	87,917	90,915	77,701	75,377
	4,831,138	**3,958,053**	**2,721,084**	**3,147,083**
Expenditure				
Staff costs*	2,692,312	2,376,385	2,014,621	2,386,667
Other expenditure	2,099,094	1,741,551	1,026,028	1,004,238
	4,791,406	**4,117,936**	**3,040,649**	**3,390,905**
Net surplus/(deficit) excluding gain/loss on investments and USS deficit provision	**39,732**	**(159,883)**	**(319,565)**	**(243,822)**
Net gains / (losses) on investments	88,433	(41,178)	363,886	(157,470)
Movement USS deficit provision	(724,117)	20,538	(10,071)	(212,622)
Net movement in funds as per the statement of financial activities	(595,952)	(180,523)	34,250	(613,914)

* 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 2019 has risen by 22% compared to prior year mainly as a result of a 27% 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. This increase in "pass-through" costs is reflected within "other expenditure" above and set out in note 5 to the financial statements within "fees and other direct costs".

Expenditure for the year, excluding the movement in the USS pension provision, has increased by 16%, primarily due to the corresponding large increase in direct research expenses noted above, including costs relating to collaborative partners under ESCoE and Rebuilding Macroeconomics. The expenditure increase also includes an increase of 13% 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 £435k during the year to £1,754k mainly as a result of net project funds received in advance. Within deferred income of £2,180k, £1,804k represented research projects of which approximately 90% (£1,623k) related to Rebuilding Macroeconomics and ESCoE projects. This was partially offset by debtors of £502k connected to ESCoE.

The level of unrestricted reserves on the balance sheet decreased to £1,643k at the end of the year compared to £2,239k at 31 March 2018 with both the operational surplus and net unrealised gains within the investment portfolio more than offset by the increase to the USS provision due to a new deficit recovery plan arising from the USS 2017 valuation.

Included in the balance sheet is the corresponding provision for liabilities of £1,138k (31 March 2018: £413k). This represents the contractual obligation in relation to the USS deficit recovery plan, being a 5% deficit contribution payable on USS pensionable payroll. This obligation extends from April 2020 to March 2034, the period over which an annual outflow of approximately £100k 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 Institute with a view to achieving a return to help further the Institute's objectives. Paying due regard to investment risks, the Committee's overall objectives are to create sufficient income and capital growth to support the Institute in carrying 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.

These objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange and unit trusts and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000. There will be no investment in unquoted securities

The Committee operates under delegated investment powers from the Council of Management, set out in its terms of reference. The Trustees have agreed to aim for a medium risk portfolio and expect the Investment Managers to balance the risk given broad market conditions. There is currently one discretionary Investment Manager, whose performance is subject to regular review by the Investment Committee, and whose appointment is formally reviewed at least every three years.

During the year to 31 March 2019 there was a net increase in the fair value of listed investments of £88,433 (2018: net decrease of £41,178).

Reserves policy and going concern

The Trustees aim to maintain free reserves in unrestricted funds at a level which provides for the ongoing running and development of the Institute and 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; and
- Emergency costs.

Trustees have reviewed these risks and agree that the Institute will aim to hold free reserves of between £2-3,000,000 in an unrestricted general fund. These reserves are subject to annual review by Trustees.

The balance held as unrestricted reserves at 31 March 2019 was £1,643,425. This reflects the significantly increased total USS deficit provision of £1,137,585 over the next 15 years, which is a substantially longer period than the reserves policy is intended to cover and does not include estimated future financial surpluses over this period. The proportion of this provision which relates to the next five years amounts to £331,409. Adding back the part of the USS deficit provision relating to years 6-15 of £806,176 and deducting fixed assets (£124,632) and the designated funds (£8,995) would result in unrestricted free reserves of £2,315,974 at the end of the year. In viewing the level of reserves, Trustees have taken into account our desire to rebuild reserves over the next five years and changes to the USS liability resulting from the 2018 valuation, the results of which were announced following the financial year under review and are disclosed as a post-balance sheet event in note 23 to the financial statements.

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

In view of the above, 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 December 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)
    - 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

In addition, a decision was taken during the year to establish a Development Committee. This is in the process of being formed, under the Chairmanship of the Institute President, Sir Paul Tucker.

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

At the end of the period the Institute has a headcount of 44 staff, equivalent to 40 full time employees. The year has seen nine starters (including five staff on permanent contracts) and nine departures (four on permanent contracts). Of the current staff, 16 were female and 28 male. Just over half (23) were from outside the United Kingdom.

Turnover figures are significantly reduced from the previous year, where the number of departures was exceptionally high due a one-off restructuring exercise. Where staff have left, this has often been to prestigious positions – for example within the Bank of England, HM Treasury and the OCED, or doctoral study at leading institutions such as the University of Cambridge and London. Whilst we increasingly hope to offer alternative forms of career advancement at the Institute, this does reinforce the reputation of the Institute as an outstanding destination for early career economists to build their wider profile.

Recruitment and retention of high quality staff remains a priority, at a time of significant competition for skilled staff. Following on from significant HR reforms in the previous year, we have invested more in staff training, and introduced a formal promotions Board for the first time, with external input to ensure an open and transparent process. Staff are 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 in addition to individual performance takes into account affordability, market conditions, relevant cost of living indices, and the size, impact and performance of the Institute as a whole.

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. A Staff

Consultative Committee provides a forum for discussion on non-contractual issues, which the Director reports progress to all staff at regular meetings. 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 24 October 2019

INDEPENDENT AUDITOR'S 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 2019 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 2019 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 group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- The Trustees' use of the going concern basis of accounting in the preparation of the group financial statements is not appropriate; or

- The Trustees have not disclosed in the group 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 group financial statements and our auditor's report thereon. Our opinion on the group 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 group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group 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 group 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 their 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 Charites 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 or the parent charitable company'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.

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Judith Miller (Senior statutory auditor)

13 November 2019

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

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

For the year ended 31 March 2019

	Note	2019 Unrestricted £	2019 Restricted £	**2019 Total £**	2018 Unrestricted £	2018 Restricted £	2018 Total £
Income from:							
Donations and contributions		76,548	–	**76,548**	31,623	–	31,623
Charitable activities	2						
Research work		1,069,039	2,569,465	**3,638,504**	671,394	2,183,723	2,855,117
Econometric model		637,609	–	**637,609**	596,043	–	596,043
Publications		225,458	–	**225,458**	226,384	–	226,384
Other trading activities	3	184,479	–	**184,479**	183,374	–	183,374
Investments	4	68,540	–	**68,540**	65,512	–	65,512
Total income		2,261,673	2,569,465	**4,831,138**	1,774,330	2,183,723	3,958,053
Expenditure on:							
Charitable activities							
Research work		1,422,196	3,005,449	**4,427,645**	758,984	2,346,602	3,105,586
Econometric model		483,792	–	**483,792**	486,932	–	486,932
Publications		468,840	–	**468,840**	439,460	–	439,460
Other trading activities		129,275	–	**129,275**	59,157	–	59,157
Investment management		5,971	–	**5,971**	6,263	–	6,263
Total expenditure	5a	2,510,074	3,005,449	**5,515,523**	1,750,796	2,346,602	4,097,398
Net income/(expenditure) before net gains/(losses) on investments		(248,401)	(435,984)	**(684,385)**	23,534	(162,879)	(139,345)
Net gains/(losses) on investments		88,433	–	**88,433**	(41,178)	–	(41,178)
Net income/(expenditure) for the year	6	(159,968)	(435,984)	**(595,952)**	(17,644)	(162,879)	(180,523)
Transfers between funds		(435,984)	435,984	–	(162,879)	162,879	–
Net movement in funds		(595,952)	–	**(595,952)**	(180,523)	–	(180,523)
Reconciliation of funds:	21a						
Total funds brought forward		2,239,377	–	**2,239,377**	2,419,900	–	2,419,900
Total funds carried forward		1,643,425	–	**1,643,425**	2,239,377	–	2,239,377

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 2019

	Note	The group 2019 £	The group 2018 £	The charity 2019 £	The charity 2018 £
Fixed assets:					
Tangible assets	11	**124,632**	147,268	**124,632**	147,268
Investments	12	**2,471,395**	2,388,890	**2,471,397**	2,388,892
		2,596,027	2,536,158	**2,596,029**	2,536,160
Current assets:					
Debtors	15	**1,369,813**	1,208,551	**1,522,846**	1,208,551
Cash at bank and in hand		**1,754,132**	1,318,679	**1,601,099**	1,307,590
		3,123,945	2,527,230	**3,123,945**	2,516,141
Liabilities:					
Creditors: amounts falling due within one year	16	**(2,938,962)**	(2,410,543)	**(2,938,962)**	(2,399,454)
Net current assets		**184,983**	116,687	**184,983**	116,687
Total assets less current liabilities		**2,781,010**	2,652,845	**2,781,012**	2,652,847
Provisions for liabilities	18	**(1,137,585)**	(413,468)	**(1,137,585)**	(413,468)
Total net assets	20a	**1,643,425**	2,239,377	**1,643,427**	2,239,379
Funds:	21a				
Restricted income funds		–	–	–	–
Unrestricted income funds:					
Designated funds		**8,995**	8,995	**8,995**	8,995
Fair value reserve		**196,734**	108,301	**196,734**	108,301
General funds		**2,575,281**	2,535,549	**2,575,283**	2,535,551
Pension reserve		**(1,137,585)**	(413,468)	**(1,137,585)**	(413,468)
Total unrestricted funds		**1,643,425**	2,239,377	**1,643,427**	2,239,379
Total funds		**1,643,425**	2,239,377	**1,643,427**	2,239,379

Approved by the Trustees and signed on their behalf by

Professor Diane Coyle
Chair, Council of Management

24 October 2019

The National Institute of Economic and Social Research

Consolidated statement of cash flows

For the year ended 31 March 2019

	Note	2019		2018	
		£	£	£	£
Cash flows from operating activities					
Net income/(expenditure) for the year (as per the statement of financial activities)		**(595,952)**		(180,523)	
Depreciation charges		**21,047**		36,073	
Losses on disposal of fixed assets		**1,589**		–	
Gains/(losses) on investments		**(88,433)**		41,179	
Dividends, interest and rent from investments		**(68,540)**		(65,512)	
Increase in debtors		**(161,262)**		(398,415)	
Increase in creditors		**528,419**		1,395,249	
Increase/(decrease) in provisions for liabilities		**724,117**		(20,538)	
Net cash provided by/(used in) operating activities			**360,985**		807,513
Cash flows from investing activities:					
Dividends, interest and rents from investments		**68,540**		65,512	
Purchase of fixed assets		**–**		(2,414)	
Proceeds from sale of investments		**–**		–	
Purchase of investments		**(6,984)**		(181,665)	
Net cash provided by/(used in) investing activities			**61,556**		(118,567)
Change in cash and cash equivalents in the year			**422,541**		688,946
Cash and cash equivalents at the beginning of the year			**1,362,282**		673,336
Cash and cash equivalents at the end of the year			**1,784,823**		1,362,282

	At 1 April 2018	Cash flows	Other changes	At 31 March 2019
	£	£	£	**£**
Cash at bank and in hand	1,318,679	435,453	–	**1,754,132**
Cash held within investments	43,603	(12,912)	–	**30,691**
Total cash and cash equivalents	1,362,282	422,541	–	**1,784,823**

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.

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.

	2019	2018
• Research work	**74.8%**	70.5%
• Econometric model	**11.8%**	15.4%
• Publications	**9.8%**	11.8%
• Other trading activities	**3.4%**	2.1%
• 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.

1 Accounting policies (continued)

j) **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. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

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.

k) **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.

l) **Investments in subsidiaries**

Investments in subsidiaries are at cost.

m) **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.

n) **Short term deposits**

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

o) **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) **Creditors and provisions**

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

1 Accounting policies (continued)

q) 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.

r) 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.

s) 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.

t) Comparatives

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

2 Income from charitable activities

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Research work						
Government	793,581	1,365,384	**2,158,965**	407,147	1,099,811	1,506,958
Research Councils	–	854,165	**854,165**	–	402,651	402,651
Trusts & Foundations	95,269	332,604	**427,873**	34,693	646,209	680,902
European Commission	24,075	17,312	**41,387**	77,110	35,052	112,162
Other	156,114	–	**156,114**	152,444	–	152,444
Sub-total	1,069,039	2,569,465	**3,638,504**	671,394	2,183,723	2,855,117
Econometric model fees						
Subscriptions	637,609	–	**637,609**	596,043	–	596,043
Sub-total	637,609	–	**637,609**	596,043	–	596,043
Publications						
Sales and other	225,458	–	**225,458**	226,384	–	226,384
Sub-total	225,458	–	**225,458**	226,384	–	226,384
Total income from charitable activities	1,932,106	2,569,465	**4,501,571**	1,493,821	2,183,723	3,677,544

3 Income from other trading activities

	2019 Total £	2018 Total £
Corporate membership	**96,562**	92,459
Room rental	**24,985**	31,490
Other income	**62,932**	59,425
	184,479	183,374

All income from other trading activities is unrestricted.

4 Income from investments

	2019 Total £	2018 Total £
Dividends	**62,072**	64,226
Bank interest	**6,468**	1,286
	68,540	65,512

All income from investments is unrestricted.

5a Analysis of expenditure (current year)

	Raising funds		Charitable activities						
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	**2019 Total £**	2018 Total £
Staff costs (Note 7)	4,170	97,469	281,817	341,493	2,157,560	–	533,920	**3,416,429**	2,355,847
Fees and other direct costs	–	–	95,710	1,107	1,426,355	–	–	**1,523,172**	1,139,768
Travel and subsistence	–	305	–	1,222	64,902	329	10,834	**77,592**	42,149
Books and journals	–	–	232	–	255	–	22,880	**23,367**	16,354
Research materials	–	–	–	27,254	26,934	–	–	**54,188**	82,855
Sundry expenses	–	–	–	2,347	54,329	549	103,307	**160,532**	171,452
Premises	–	–	–	–	–	–	128,466	**128,466**	105,395
IT	–	–	–	–	–	–	83,055	**83,055**	93,787
Professional fees	–	–	–	–	–	19,598	4,170	**23,768**	48,909
Depreciation	–	–	–	–	–	–	21,047	**21,047**	36,073
Finance costs and bad debts	–	–	–	–	–	25	3,882	**3,907**	4,809
	4,170	97,774	377,759	373,423	3,730,335	20,501	911,561	**5,515,523**	4,097,398
Support costs	1,761	30,808	89,078	107,941	681,973	–	(911,561)	–	–
Governance costs	40	693	2,003	2,428	15,337	(20,501)	–	–	–
Total expenditure 2019	**5,971**	**129,275**	**468,840**	**483,792**	**4,427,645**	**–**	**–**	**5,515,523**	
Total expenditure 2018	6,263	59,157	439,460	486,932	3,105,586	–	–		4,097,398

5b Analysis of expenditure (prior year)

	Raising funds		Charitable activities						
	Investment management £	Other trading activities £	Publications £	Econometric model £	Research work £	Governance costs £	Support costs £	**2018 Total £**	2017 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)	–	–	–
Total expenditure 2018	**6,263**	**59,157**	**439,460**	**486,932**	**3,105,586**	**–**	**–**	**4,097,398**	
Total expenditure 2017	18,919	34,236	267,728	525,838	2,203,999	–	–		3,050,720

6 Net income / (expenditure) for the year

This is stated after charging:

	2019 £	2018 £
Depreciation	21,047	36,073
Loss on disposal of fixed assets	(1,589)	–
Auditor's remuneration (excluding VAT):		
Audit	15,100	14,750
Other services	1,390	5,300
Foreign exchange losses	2,390	2,177

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

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	2,096,319	1,806,673
Interim management costs	87,150	117,850
Social security costs	220,920	190,505
Employer’s contribution to defined contribution pension schemes	13,656	14,651
Employer’s contribution to defined benefit pension schemes	274,267	246,706
Movement in provision for USS pension scheme	724,117	(20,538)
	3,416,429	2,355,847

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

	2019 No.	2018 No.
£60,000 – £69,999	3	2
£70,000 – £79,999	2	2
£90,000 – £99,999	1	1
£100,000 – £109,999	1	–
£150,000 – £159,999	–	1
£160,000 – £169,999	1	–

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 £311,850 (2018: £287,567). This included costs associated with the interim Chief Operating Officer from 1April 2018 until 1 July 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 £161,250 (2018: £150,000). No other charity trustees were paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represent the payment or reimbursement of travel and subsistence costs and totalled £297 (2018: £282) incurred by 2 (2018: 1) members 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 49 (2018: 43).

9 Related party transactions

There are no related party transactions to disclose for 2019 (2018: 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**
	£	£	£	£	**£**
Cost					
At the start of the year	118,380	108,115	150,016	42,498	**419,009**
Additions in year	–	–	–	–	–
Disposals in year	–	(1,330)	(11,236)	–	**(12,566)**
At the end of the year	118,380	106,785	138,780	42,498	**406,443**
Depreciation					
At the start of the year	–	96,223	133,020	42,498	**271,741**
Charge for the year	–	10,068	10,979	–	**21,047**
Eliminated on disposal	–	(594)	(10,383)	–	**(10,977)**
At the end of the year	–	105,697	133,616	42,498	**281,811**
Net book value					
At the end of the year	118,380	1,088	5,164	–	**124,632**
At the start of the year	118,380	11,892	16,996	–	147,268

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 property.

All of the above assets are used for charitable purposes.

12 Investments

	The group 2019 £	The group 2018 £	The charity 2019 £	The charity 2018 £
Fair value at the start of the year	**2,345,287**	2,204,801	**2,345,287**	2,204,801
Additions at cost	**6,984**	181,665	**6,984**	181,665
Disposal proceeds	–	–	–	–
Net gain/(loss) on change in fair value	**88,433**	(41,179)	**88,433**	(41,179)
Listed investments	**2,440,704**	2,345,287	**2,440,704**	2,345,287
Investment in subsidiary companies	–	–	**2**	2
Cash held by investment broker	**30,691**	43,603	**30,691**	43,603
Fair value at the end of the year	**2,471,395**	2,388,890	**2,471,397**	2,388,892

13 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of NIESR Services Limited, a company registered in England (Company number: 04063185, address: 2 Dean Trench Street, London, SW1P 3HE). 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:

	2019 £	2018 £
Turnover	**134,172**	226,562
Cost of sales	**(56,091)**	(112,371)
Gross profit	**78,081**	114,191
Administrative expenses	**(96)**	(156)
Profit on ordinary activities before interest and taxation	**77,985**	114,035
Interest receivable and similar income	–	–
Profit on ordinary activities before taxation	**77,985**	114,035
Taxation on profit on ordinary activities	–	–
Profit for the financial year	**77,985**	114,035

Retained earnings

	2019 £	2018 £
Retained earnings brought forward	–	–
Profit for the financial year	**77,985**	114,035
Profits distributed to parent under gift aid	**(77,985)**	(114,035)
Retained earnings carried forward	–	–

No management charges (2018: nil) from the parent entity were incurred by the subsidiary undertaking. Amounts owed from the parent company are shown in note 16.

14 Parent charity

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

	2019 £	2018 £
Gross income	**4,664,747**	3,731,491
Result for the year	**(673,937)**	(294,558)

15 Debtors

	The group 2019 £	The group 2018 £	The charity 2019 £	The charity 2018 £
Trade debtors	**970,276**	803,892	**970,276**	803,892
Prepayments and other debtors	**72,802**	66,426	**72,802**	66,426
Amounts owed from subsidiary undertaking	–	–	**153,033**	–
Accrued income	**326,735**	338,233	**326,735**	338,233
	1,369,813	1,208,551	**1,522,846**	1,208,551

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 2019 £	The group 2018 £	The charity 2019 £	The charity 2018 £
Trade creditors	**176,219**	121,239	**176,219**	121,239
Taxation and social security	**187,993**	161,646	**187,993**	161,646
Amounts owed to subsidiary undertaking	–	–	–	35,516
Accruals	**394,675**	219,035	**394,675**	219,033
Deferred income (note 17)	**2,180,075**	1,908,623	**2,180,075**	1,862,020
	2,938,962	2,410,543	**2,938,962**	2,399,454

17 Deferred income

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

	The group 2019 £	The group 2018 £	The charity 2019 £	The charity 2018 £
Econometric model subscriptions	**252,336**	317,251	**252,336**	317,251
Research work	**1,804,299**	1,515,173	**1,804,299**	1,515,173
Corporate membership	**64,271**	25,521	**64,271**	25,521
Royalty income	**48,121**	46,603	**48,121**	–
Other	**11,048**	4,075	**11,048**	4,075
Balance at the end of the year	**2,180,075**	1,908,623	**2,180,075**	1,862,020

18 Provisions for liabilities

	The group 2019 £	2018 £	The charity 2019 £	2018 £
Obligation to fund deficit on USS pension				
At the start of the year	**413,468**	434,006	**413,468**	434,006
Movement in year	**724,117**	(20,538)	**724,117**	(20,538)
At the end of the year	**1,137,585**	413,468	**1,137,585**	413,468

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 2034, 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 £998,384 (2018: £226,168) as shown in note 7.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete.

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

The 2017 valuation was the fourth valuation for the scheme 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on 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:

	2017 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 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

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

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	**24.6**	24.5
Females currently aged 65 (years)	**26.1**	26.0
Males currently aged 45 (years)	**26.6**	26.5
Females currently aged 45 (years)	**27.9**	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	**2.44%**	2.64%
Pensionable salary growth	**n/a**	n/a
Pension increases (CPI)	**2.11%**	2.02%

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 £13,656 (2018: £14,651) 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	124,632	-	-	**124,632**
Investments	2,471,395	-	-	**2,471,395**
Net current assets	175,988	8,995	-	**184,983**
Provisions for liabilities	(1,137,585)	-	-	**(1,137,585)**
Net assets at 31 March 2019	**1,634,430**	**8,995**	-	**1,643,425**

20b Analysis of group net assets between funds (prior 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)**
Net assets at 31 March 2018	**2,230,382**	**8,995**	-	**2,239,377**

21a Movements in funds (current year)

	At 1 April 2018 £	Income & gains £	Expenditure & losses £	Transfers £	**At 31 March 2019 £**
Restricted funds:	–	2,569,465	(3,005,449)	435,984	–
Total restricted funds	–	2,569,465	(3,005,449)	435,984	–
Unrestricted funds:					
Designated funds:					
Work experience support fund	8,995	–	–	–	**8,995**
Total designated funds	8,995	–	–	–	**8,995**
Fair value reserve	108,301	–	–	88,433	**196,734**
General funds	2,535,549	2,261,673	(2,421,641)	199,700	**2,575,281**
Pension provision	(413,468)	–	–	(724,117)	**(1,137,585)**
Total unrestricted funds	2,239,377	2,261,673	(2,421,641)	(435,984)	**1,643,425**
Total funds	2,239,377	4,831,138	(5,427,090)	–	**1,643,425**

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

21c Movement in funds (purposes of funds)

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.

	2019 Total £	2018 Total £
Office for National Statistics	**1,365,386**	1,099,811
Economic and Social Research Council	**829,768**	389,381
Education Endowment Foundation	**152,042**	355,250
Leverhulme Trust	**94,674**	38,578
Paul Hamlyn Foundation	**45,631**	14,369
Nuffield Foundation	**36,396**	120,763
European Commission institutions	**17,312**	35,052
Gatsby Foundation	**126**	79,843
Joseph Rowntree Foundation	–	37,234
Other	**28,130**	13,442
	2,569,465	2,183,723

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 Legal status of the charity

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

23 Post-balance sheet event

On 4 October 2019 USS confirmed that their 2018 valuation was formally signed and submitted to the Pensions Regulator. This included a new Recovery Plan to address a reduced forecast shortfall in the assets of the Scheme. The result is a reduced USS deficit provision for NIESR of approximately £705,000, compared to the amount of £1,137,585 reflected in the 2017 valuation. The new Recovery Plan is estimated to eliminate the shortfall by 31 March 2028 compared with 30 June 2034 and is based on the following deficit contribution percentages:

- 2% with effect from 1 October 2019
- 6% with effect from 1 October 2021