

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

Consolidated Report and Financial Statements
Registered number: 341010
Charity number: 306083
31 March 2016

Contents

Reference and administrative information	3
Trustees' report	4
Trustees' responsibilities	11
Independent auditors report	12
Consolidated statement of financial activities	13
Consolidated and charity balance sheet	14
Consolidated statement of cash flows	15
Notes to the financial statements	16

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

Reference and administrative information

Trustees (Members of the Council of Management)

Professor TJ Besley~+(Chairman)
Tera Allas²
N C F Barber~+±
Professor C Bean^+(President)
Sir A Budd±
D Coyle
B Curtis+¹
Alistair Darling, Baron Darling of Roulanish²
Professor J Ermisch¹
F Field
Professor Rachel Griffith²
Baroness S Hogg¹
P Kellner
Stephen King²
J Llewellyn+
Keith Mackrell¹+²
H McRae³
J Norman⁴
J Portes³
Sadeq Sayeed²
Professor L Unwin^

° Member of Audit and Risk Committee
~ Member of Ethics Committee
^ Member of Remuneration Committee
+ Member of Steering Committee
± Member of Investment Committee

¹Resigned 19th November 2015

²Appointed 19th November 2015

³Resigned 5th October 2015

⁴Resigned 10th August 2016

Chief Executive/ Director (Appointed 1 May 2016)

Professor Jagjit Chadha+^

Interim Chief Executive/ Director (Appointed 5 October 2015, Resigned 30 April 2016)

Frances Cairncross DBE FRSE +^

Chief Operating Officer and Company Secretary

M A Cole-Burns+^

Co-opted Governor and Trustee designate (Approved by Trustees 11 February 2016)

Neil Gaskell[°]

Registered Office & Principal Place of Business

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

Registered Number: 341010 Charity Number: 306083

Auditors

BDO (UK) LLP 2, City Place, Beehive Ring Road, London Gatwick Airport, Gatwick RH6 0PA

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 directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Trustees have adopted the provisions of the Statement of Recommended Practice 'Accounting and Reporting by Charities' as revised in 2015 (SORP 2015) in preparing the annual report and financial statements of the charity, as well as complying with current statutory requirements and the Memorandum and Articles of Association.

1. STRUCTURE, GOVERNANCE AND MANAGEMENT

- The organisation is a charitable company limited by guarantee and was incorporated on 2 June 1938 within the UK. It is governed by a memorandum and articles of association which have been in place since incorporation.
- The Board of Trustees consists of senior representatives from policy-making, business and academia. This enables the trustees to be effective in providing advice and guidance to the Institute's management. Applications for trusteeship are by recommendation from the Chairman of the Trustees. New Trustees can be elected only at the charity's Annual General Meeting 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. Trustees are provided with information on the research activities of the Charity on a quarterly basis and are given the opportunity to attend annual presentations by the research team leaders. This gives them the opportunity to discuss the present research portfolio directly with staff. The number of Trustees must not be fewer than seven or greater than twenty-five. The Trustees meet four times a year.
- Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31 March 2016 was 16.
- The overall management of the Charity is carried out by its Director who reports to the board of Trustees (the "board") on a quarterly basis. He is particularly responsible for managing the research portfolio and acts as the figurehead of the organisation. The Chief Operating Officer and Company Secretary of the Institute runs the administration of the organisation and also reports to the Trustees.
- The Institute has several sub committees. The Audit and Risk Committee is made up of Trustees with appropriate experience and is chaired by Neil Gaskell (co-opted Governor and Trustee designate). It operates under specific terms of reference which delegate certain functions from the Trustees. A Remuneration Committee consisting of the Director, the Chief Operating Officer and Company Secretary and two trustees – Charles Bean and Lorna Unwin, was established to consider the pay of senior staff. The Investment Committee is responsible for managing all the invested assets held by the Institute. Paying due regard to investment risks, the Investment Committee seeks to manage the Institute's portfolio of investments with a view to maximising its total return in real terms, that is, the income generated by, and the capital growth of, the Institute's portfolio within parameters set by the Council of Management. Each committee has its decisions ratified by the board.
- The Steering Group of Trustees, chaired by Professor TJ Besley, deals with detailed issues relating to NIESR's business. It sits four times a year prior to the full Trustee meetings and reports to the Trustees. The Steering Group consists of the Chairman, President, Nicholas Barber, Keith Mackrell, John Llewellyn, the Director, the Chief Operating Officer and Company Secretary and the staff representative (currently Simon Kirby)
- An Ethics Committee, which is also a subcommittee and is chaired by Professor TJ Besley, has the responsibility to consider ethical issues in relation to grant applications. This reports to the Trustees and comprises of Trustees Nicholas Barber and Professor TJ Besley (Chairman), who is considered an expert in this sphere due to his extensive academic experience. The committee meets on an ad hoc basis when the need arises.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

2. ACHIEVEMENTS & PERFORMANCE

The Institute has maintained its main objectives by continuing to provide high quality research, and timely as well as authoritative contributions to the key issues of the day. The table below shows the levels of activity for publications, events and media during the year compared with prior periods:-

	2014	2015	2016	2015	2016
Research reports, articles, chapters in books	119	95	76	176	118
Conference and seminar presentations	69	56	53	67	61
Appearances on broadcast media	279	238	237	128	154

The number of publications in the past year is slightly higher than last year, and in line with our average output. Output depends on factors such as the type of projects being undertaken, the dissemination activities resulting from the research and the type of publication produced.

As in previous years, there have been numerous references to the Institute in the press, and our increased presence in the media (both traditional and social media) highlights NIESR as source of sound analysis. NIESR was mentioned 3367 times in national and local newspapers this year, almost 42% up on the previous year. This included reports in The Guardian, The Economist, The FT, The Sun, The Telegraph and The Times. Staff gave interviews on BBC, ITV, BBC News, Al Jazeera, CNBC and appearances on a number of European and worldwide networks.

NIESR received most media attention around the publication of our “Economic Review” in November 2015 and February 2016. Our November Review looked at “Unconventional Monetary Policy” and included a well-received commentary by Diane Coyle on “Modernising Economic Statistics”. Our February Review looked at Financial Regulation and tied in with our hugely successful event held at the Bank of England in March.

Our profile on social media continues to grow and is an important and increasingly valuable tool for disseminating our work. Our Twitter account has had a 40% increase in followers, which has led to a greater presence on this platform. Also, our Facebook page has increased its following by 40% during this year, attracting a different audience, helping to disseminate our work to a wider group. By increasing the number of videos we produce, our channel on YouTube is increasingly successful. The video animation “Changing the debate: video animation on the impact of immigration on the UK” has been viewed over 6500 times.

Blogs continue to be an important avenue for dissemination; each blog now has a “counter” in order to recognise the immediate impact of the work. On average, each blog is viewed over 3000 times and shared using tools provided on the page. Staff have also blogged for The New Statesman, the LSE & VOX. The NIESR website remained steady with just under 400,000 views for the year.

We held a number of high profile conferences and seminars during the year. In June 2015, we hosted a debate by the President of the European Parliament, Martin Schulz, on the subject of the “Freedom of movement and EU Citizenship”. In December 2015 and February 2016, we held three major all-day conferences which helped shape the debate around the EU Referendum.

Staff gave evidence to the Scottish Parliament and Select Committees during the year.

3. PLANS FOR THE FUTURE

The Institute will continue to carry out high quality economic and social research of relevance to policy makers and the general public. As in previous years, income to support the production and dissemination of this research will be secured from the research councils, charitable foundations, government departments, and other research funders, including the private sector. The Institute continues to have an excellent reputation in both the academic research and wider policy-making community, both here and abroad, and the success rate in securing project funding, as a consequence, remains high. The production of economic forecasts, and the maintenance of the Institute's global macro-econometric model, NiGEM, will continue to be financed on a subscription basis.

The new Director took up the post in May 2016 and the Institute is gearing itself up for the challenges of the post-Referendum landscape, in which the role of research at the Institute will evolve. Whilst high quality analysis of economic and social developments will still be highly valued, we work in the face of a variety of threats to standard funding mechanisms. Not least because any economic downturn may both reduce the availability of public and private sector funding. There is therefore a twin need to secure current funding and meet the increasingly more stringent requirements of funders and also develop alternate

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

funding streams. These alternate funding streams include bidding for bigger long term grants in conjunction with academic collaborators, a greater commercialisation in our macroeconomic work and also diversifying our income stream to develop teaching and executive education.

The financial year 2016/17 will therefore involve considerable transition as the Institute re-orientates itself. We will be looking to appoint at least one part-time Research Director from the University sector, a full-time Head of Communications, at least one more Associate Research Director or Research Director and a number of Research Officers. A number of Fellows and Visitors will be appointed to increase the scale of our research collaborations. A continuation of significant losses, funded from reserves, seems likely but with funding applications in train for various ESRC and other initiatives we expect the situation to improve from 2017-18 onwards. The key research areas are likely to be: the economic implications of the referendum result, understanding productivity and labour markets, education and social policy, the financial sector, housing, and forecasting. There is also an increasing need to develop the public understanding of economic and social research.

4. PEOPLE

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. A staff member attends the Council meetings as an observer.

The Institute has implemented policies in relation to personnel matters including an Equal Opportunities policy and a Health & Safety policy. In accordance with the Charity's equal opportunities policy, the Charity has long established fair employment practices in the recruitment, selection, pay, retention and training of staff.

5. RISK REVIEW

The Trustees actively review both the strategic and operational risks which the Charity faces. These cover both short and long term risks and in particular concern financial sustainability and reputation, both generally and in terms of its academic and intellectual excellence. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate any significant risk.

Although the Institute continues to have good success rates in securing project funding, this is within the context of an ever challenging funding environment. The Institute is aware that careful management is required to mitigate against this, which includes the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures.

Risks to the Institute's reputation are mitigated by ensuring the continued high quality and academic rigour of its programme of research, is regularly monitored in terms of output and impact.

6. PUBLIC BENEFIT

The National Institute of Economic and Social Research's primary purpose is to carry out economic and social research which is of high academic standard. Much of this research is relevant to policy and as such it has a significant influence on public debate. It is not always possible to gauge how much this research affects future policy as assessment and possible implementation of policies based on NIESR's original research may take some time to materialise. However, as set out below, NIESR's research continues to have a high reputation in both the academic and policy communities, members of NIESR's staff are invited to give evidence to parliamentary select committees, research is frequently cited in the press and parliamentary debates.

NIESR regularly appears in the written and broadcast media giving expert opinion on issues of public interest and members of NIESR's staff write articles for newspapers as well as commenting on current issues.

NIESR realises the importance of disseminating its research to as wide an audience as possible. With this in mind, it holds regular seminars, the vast majority of which are free of charge.

The Institute provides free copies of all its published research reports and discussion papers via its website at www.niesr.ac.uk. It also provides indicators on the state of the economy which are free to download. The website also contains videos of seminars and press conferences which are open access.

The Institute has a global econometric model which is licenced annually to many European Central Banks and international organisations. The model's use within these organisations helps to widen the influence of NIESR's research and allows our expertise to influence policy decisions not only in the UK but worldwide. The model is licensed to subscribers to cover the costs of research staff for the maintenance of this model and has a key role in helping the Institute diversify its income stream.

During 2011 NIESR received a legacy of £10,000 from a former Secretary, Mrs Kit Jones. It has been agreed with the London Borough of Barking and Dagenham to use the money to provide an annual paid work placement for a sixth form student.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

The staff of NIESR felt that this was a worthwhile use of the funds and in line with the organisation's charitable aims and accordingly, it is being treated as a designated fund in the attached accounts.

In its role as an educational charity NIESR strives to disseminate all its research as widely as possible and to undertake research which ultimately resides in the public domain. It publishes widely in all media and ensures that staff are available for expert comment when appropriate. Research funding obtained enables NIESR staff to improve knowledge of issues which are of importance to both the UK and worldwide economy, with the ultimate aim to improve social and economic welfare. This was the purpose of the Institute's foundation in 1938 and remains central to its ethos today.

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard of the Charity Commission's general guidance on public benefit.

7. OBJECTIVES AND ACTIVITIES

In more detail, the objectives of the National Institute of Economic and Social Research are:

- To carry out high-quality economic and social research which is of good academic standing and likely also to be relevant to the needs of policy-makers.
- To intervene in relevant policy debates in appropriate ways.
- To contribute to the economic and social research infrastructure.
- To provide a framework in which National Institute research staff can develop their careers and reputations.

In order to carry out these objectives the National Institute aims to:

- Maintain a cadre of research staff with appropriate mixes of experience and expertise.
- Encourage research staff to participate actively in dissemination of research to media and directly to users and potential sponsors of research.
- Support as far as possible staff involvement in public service activities such as refereeing for journals and public bodies nationally and internationally and contributing to activities of Government in an expert capacity.
- Advise and encourage staff in i) writing up work for publication, ii) developing research proposals and iii) promoting research and research capability to users and sponsors of research.
- Seek funding from all appropriate sources to provide the means needed for the Institute to carry out research.
- Maintain the scale of the Institute's operations large enough to allow its fixed costs to be spread in a way which is manageable.
- Provide efficient financial and administrative management to allow research staff to carry out their activities.

These objectives are pursued through three main channels:

- A wide variety of research projects on topics of contemporary interest both to policy makers and academic audiences are pursued and disseminated through seminars and publications. This work is commissioned and funded by the European Commission, Government departments, the Economic and Social Research council and certain foundations.
- The Institute has developed an econometric model (NiGEM) which contributes to our understanding of the working of the economy and thus to the economic and social infrastructure and also provides revenue to support the organisation's charitable objectives. User licences are sold to a variety of organisations including central banks, private sector financial organisations, UK Treasury and the Bank of England.
- NIESR's subsidiary company – NIESR Services Ltd – generates income through the publication of the National Institute Economic Review which enjoys a high reputation and has a worldwide subscription base. New opportunities for wider circulation and visibility are currently being sought in conjunction with the publisher. This includes a greater use of social media and pay per view options.

The Trustees intend to continue following the above strategy whilst reviewing other options to spread further the knowledge acquired.

8. Financial Review

The Institute's aim has always been to balance income and expenditure in the long run, with the inevitable implication that small surpluses and deficits could arise from one year to the next. However, the Institute continues to be affected by the challenging funding environment which has again had a detrimental effect on the results for the financial year 2015-16. With little change foreseen for the financial year 2016-17, Trustees and the Interim Director embarked on a turnaround programme in January 2016, the effect of which will be seen over the next year or two, under the stewardship of the new Director who joined the Institute in May 2016. The financial year 2016-17 is therefore a transition year, and as such, will be subject to restructuring expenditure and investment in the new business model.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

The Statement of Financial Activities for the year (page 13) shows a shortfall of incoming resources before recognised losses of £243,823 (2015: deficit £340,747) arising from gross income of £1,649,709 on the unrestricted fund (2015: £1,838,458) and £1,418,338 on the restricted fund (2015: £991,268). The recent income and expenditure for the Institute can be summarised as follows:

Income	2012-13	2013-14	2014-15	2015-16
Donations	29,000	34,000	16,551	1,615
Publications	147,769	150,514	137,811	140,870
Economic model Fees	405,733	456,434	483,860	418,836
Fees for Research Work	1,869,878	2,311,987	2,052,500	2,289,699
Investment Income	116,729	77,362	77,390	92,151
Corporate Membership		-	49,500	49,500
Conference Income		-	-	39,154
Other Income	70,772	40,263	12,114	27,116
Rental Income		-	-	9,107
	2,639,881	3,070,560	2,829,726	3,068,048
Expenditure				
	2012-13	2013-14	2014-15	2015-16
Fund Raising	144,000	118,097	180,906	160,024
Charitable Activities and Governance	3,116,222	3,357,903	3,008,267	3,151,846
	3,260,222	3,476,000	3,189,173	3,311,870
Net deficit excluding gain/loss on investments	(620,341)	(405,440)	(359,447)	(243,822)

Total operational expenditure increased by £141,397 to £3,311,870 during the year, although exceptional costs were some £50,000 higher in 2015/16 attributable to increased legal and professional costs incurred as a result of the organisational restructure initiated in year. Generally, research expenditure fluctuates in line with research income. As shown in the accounts, the main costs of the charity are staff costs required to deliver projects and maintain the econometric model.

The balance sheet shows a decrease in unrestricted funds of £401,292 to £2,809,585 or 12.5 per cent of the figure for 2015 of £3,210,877 (restated)

- Investment policy**

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

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

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

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

The Institute uses Investec as investment manager for the whole of its portfolio. In the year to 31st March 2016 the portfolio fell by -2.6% compared to a benchmark gain of 0.1%. The composition of the divergence from benchmark comprised -0.3% from stock selection in bonds, -1.4% from UK equities and -0.7% from overseas equities.

The year started with a relatively strong period for markets, ahead of the general election in May 2015. Performance fell in the early autumn and again in January amid concerns about rising US interest rates and that the fall in the price of oil was a portent to slowing global growth. Increasingly unsettled by the approach of the EU referendum; the portfolio with a more cyclical bias underperformed during this period. At the end of the year, investments have decreased in value by some £157,470 (2015: increase £132,214)

• Policy on holding reserves

The Institute's policy is to maintain a sufficient level of reserves for working capital, specifically:

- to cover any anticipated losses to ensure the Institute can manage fluctuations in income streams and cash flow;
- to provide for development expenditure for new or increased income streams
- to cover the Institute's immediate obligations

The current level of reserves is such that it serves as mitigation against the financial risks identified in the Risk Review and is reviewed annually. The level of general unrestricted reserves was £2.6m as at 31 March 2016, and although the forecast is that some of these reserves will be used in the financial year 2016/17, the balance at the end of that year is expected to remain consistent with the reserves policy. To facilitate the management of short-term cash flow fluctuations, a small amount of the reserves are invested in easily accessible bank accounts. The investment strategy for the balance is decided by Trustees annually.

The Institute holds a proportion of its reserves as 'designated funds' for the purposes of:

- A sinking fund to set aside money for the purposes of major maintenance or renewal of the building.
- A Work Experience support fund, established in 2011 from a legacy of £10,000 from a former Secretary, Mrs Kit Jones. 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 level of the designated funds and their uses is subject to annual review by Trustees.

Taking all these matters into account, the Trustees consider that the present level of total funds (£2,809,585 as at 31 March 2016) is adequate. Based on the balance sheet, a breakdown to reflect the objectives set out above would be:

Fixed assets – Tangible assets	£210,318
Restricted Funds	-
Designated Funds: Building Sinking Fund	£20,000
Designated Funds: Kit Jones Legacy	£10,000
General Unrestricted Reserves	£2,569,267
Total Funds	£2,809,585

The present ratio of general unrestricted reserves compared with forecast annual operating expenditure of c£2,625,000 is 0.98, which is currently in line with the Institute's policy to maintain a sufficient level of reserves to cover any currently anticipated losses, and to have the capacity to invest in developing new and increased income sources. Trustees do however recognise that the pattern of financial losses of recent years requires that plans to rebuild reserves are implemented in due course.

9. AUDITORS

A resolution to re-appoint BDO (UK) LLP as auditors of the charity will be put to the Annual General Meeting in November 2016

National Institute of Economic and Social Research

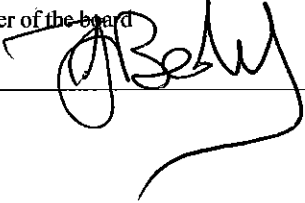
Consolidated Report and Financial Statements 31 March 2016

10. STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees as at the time when the Trustees' Report is approved has confirmed that so far as that Trustee is aware, there is no relevant audit information of which the company's auditor is unaware, and that Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

By order of the board

T J Besley
Chairman

A handwritten signature in black ink, appearing to read 'T J Besley', is written over a horizontal line. The signature is stylized and cursive.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company and Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company and charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and parent charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent charitable company and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder and with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

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

We have audited the financial statements of The National Institute of Economic and Social Research for the year ended 31 March 2016 which comprise Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

BDO LLP

Fiona Condron, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date: *14 October 2016*

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

National Institute of Economic and Social Research
Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
Year ending 31 March 2016

	Note	2016			2015		
		£	£	£	£	£	£
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Income from:							
Donations and legacies		1,615	-	1,615	16,551	-	16,551
Charitable activities							
-Econometric model fees		418,836	-	418,836	483,860	-	483,860
-Income for research work	2	871,361	1,418,339	2,289,700	1,061,232	991,268	2,052,500
Other trading activities							
-Publications		140,870	-	140,870	137,811	-	137,811
Investments							
-Income from investments		90,099	-	90,099	77,381	-	77,381
-Other interest receivable		2,051	-	2,051	9	-	9
Other							
-Rental income		9,107	-	9,107	-	-	-
-Corporate Events and other income		115,770	-	115,770	61,614	-	61,614
Total		1,649,709	1,418,339	3,068,048	1,838,458	991,268	2,829,726
Expenditure on:							
Publications		160,024	-	160,024	181,362	-	181,362
Charitable activities	3	1,261,544	1,890,302	3,151,846	1,607,824	1,381,287	2,989,111
Total		1,421,568	1,890,302	3,311,870	1,789,186	1,381,287	3,170,473
Net(losses)/ gains on investments	9	(157,470)	-	(157,470)	152,839	-	152,839
Net Income/(Expenditure)		70,671	(471,963)	(401,292)	202,111	(390,019)	(187,908)
Transfers between funds	14	(471,963)	471,963	-	(390,019)	390,019	-
Net movement in funds		(401,292)	-	(401,292)	(187,908)	-	(187,908)
Reconciliation of funds:							
Total funds brought forward		3,210,877	-	3,210,877	3,398,785	-	3,398,785
Total funds carried forward	13	2,809,585	-	2,809,585	3,210,877	-	3,210,877

The individual company Statement of Financial Activities (SOFA) has not been prepared but can be determined by deducting the subsidiary company's results as detailed in note 15 from the consolidated statement above. The Charity's incoming resources amounted to £2,927,156 (2015 - £2,691,915) and a deficit of £506,133 after unrealised losses of £157,470 (2015 deficit - £268,764 after unrealised gains of £152,839)

All income and expenditure derive from continuing activities.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

National Institute of Economic and Social Research
Registered Company Number 341010
Consolidated Balance Sheet
as at 31 March 2016

	<i>Note</i>	Group 2016 £	<i>(Restated)</i> Group 2015 £	<i>(Restated)</i> Charity 2016 £	<i>(Restated)</i> Charity 2015 £
Fixed assets					
Tangible assets	8	210,318	247,122	210,318	247,122
Investments	9	2,297,402	2,658,957	2,295,402	2,658,957
		2,507,720	2,906,079	2,505,720	2,906,079
Current assets					
Debtors – trade and other debtors	10	873,323	816,826	873,323	794,603
Cash at bank and in hand	11	304,984	552,315	294,507	547,386
		1,178,307	1,369,141	1,167,830	1,341,989
Creditors: amounts falling due within one year	12	(876,442)	(1,064,343)	(970,807)	(1,037,191)
Net current assets		301,865	304,798	197,023	304,798
Total assets less current liabilities		2,809,585	3,210,877	2,702,743	3,210,877
Net assets		2,809,585	3,210,877	2,702,743	3,210,877
Unrestricted funds	13	2,809,585	3,210,877	2,702,743	3,210,877
Restricted Funds	14	-	-	-	-
Total funds		2,809,585	3,210,877	2,702,743	3,210,877

These financial statements were approved and authorised for issue by the Council of Management on

22/9/2016

These accounts should be read in conjunction with the notes set out on pages 16 to 25


 J Chadha
 Director

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

National Institute of Economic and Social Research
Statement of Cash Flows and Consolidated Statement of Cash Flows
for year ending 31 March 2016

	<i>Note</i>	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Cash used in operating activities	<i>16</i>	(529,819)	212,895	(535,344)	232,105
Cash flows from investing activities					
Interest Income		92,151	77,390	92,128	77,381
Proceeds from sale of fixed assets		-	-	-	-
Proceeds from sale of investments	<i>9</i>	861,084	428,340	861,084	428,340
Purchase of investments	<i>9</i>	(646,749)	(720,958)	(646,749)	(720,958)
Purchase of tangible fixed assets	<i>8</i>	(13,746)	(67,561)	(13,746)	(67,561)
Cash used in investing activities		292,740	(282,789)	292,717	(282,798)
Cash used in financing activities		-	-	-	-
Increase (decrease) in cash and equivalents in the year		(237,079)	(69,894)	(242,627)	(50,693)
Cash and equivalents at the beginning of the year		577,088	646,982	572,159	622,830
Total cash and equivalents at the end of the year	<i>11</i>	340,009	577,088	329,532	572,159

Notes on the accounts

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a. Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

b. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the parent charity to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £37,685. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

	1st April 2014	31st March 2015
Reconciliation of group funds and balances	£	£
Fund balances as previously stated	3,460,372	3,253,764
Short term compensated absences	<u>(61,587)</u>	<u>(42,887)</u>
Fund balances as restated	<u>3,398,785</u>	<u>3,210,877</u>

c. Preparation of the accounts on a going concern basis

The charity reported a cash outflow of £242,627 for the year and £237,079 on a group basis.

The trustees are of the view that the restructuring of the Institute, measures taken subsequent to the year-end to reduce operating costs and the current level of investments have secured the immediate future of the Institute for the next twelve months and that on this basis the charity is a going concern.

d. Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary NIESR Services Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure account for the charity has not been presented because the institute has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

e. Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and 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.

During the year, performance grants are received which are required to be applied to specific research projects. Amongst these are projects which contain a requirement that any unused funds are repayable to the donor, which are treated as restricted funds. Grants are accounted for on the basis of delivery of research projects and only those amounts expendable and receivable on an accruals basis have been taken into the accounts as resources expended and income.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

Amounts received in respect of projects where project delivery has not been completed are held in deferred income. Interest and model licence fees are recognised over the periods to which they relate. Sales of publications are recorded when due. Donations and dividend income are recorded when received. Grants and contracts within restricted funds are treated on the same basis as there is no material difference in presentation.

f. Fund accounting

Activity is separated into unrestricted funds or restricted funds depending on the nature and wording of the underlying commissioning contract. The unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Restricted funds have to be applied according to the instructions of the funder. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes and transferred from the General Reserve.

g. 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:

Publications – these are the costs incurred in the provision of our quarterly review and their associated support costs.

Expenditure on charitable activities - these costs include staff salaries and related costs, research materials and associated support costs.

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

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of the resources. Staff costs are allocated based on activities including between charitable activities and support costs.

Governance costs are those incurred in connection with the strategic as opposed to the day to day management of the charity's activities and include costs of external audit, legal advice for trustees, cost of trustee meetings and preparing statutory accounts.

h. Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance personnel, payroll and governance costs which support the Institute's activities. These costs have been allocated between publications expenditure and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 4. Support costs have been applied on a directly attributable basis where possible and the residue on a pro-rated income basis.

i. Tangible fixed assets

Individual fixed assets costing more than £1,500 are capitalised and included at cost including any incidental expenses of acquisition. Items under £1,500 are expensed.

Depreciation is provided on all fixed assets over their useful economic lives as follows on a straight line basis as follows:

Freehold land	-	nil
Freehold buildings	-	over 50 years
Improvement to freehold buildings	-	over 10 years
Office equipment	-	over 3 years
Computer equipment	-	over 3 years
Website Development	-	over 4 years
IT Upgrade	-	over 4 years

Each year the Trustees review the property for indications of impairment.

j. Investments

Listed investments are stated at market value at the balance sheet date. Unlisted investments are stated at cost. The SOFA includes the realised and unrealised net gains and losses arising on disposals and revaluations throughout the year.

k. Debtors

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

l. 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.

m. 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 recognised at their settlement amount.

n. Financial instruments

The institute 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.

o. Pensions

The Charity participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. For more detail see Note 19.

p. Transition to FRS 102

The opening fund balances at the date of transition have been restated (see note 1b) due to a liability for holiday pay. No subsequent restatement of items has been required in making the transition to FRS102. The transition date was 1st April 2014.

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

2 Income for Research work

	2016			2015		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
From European Commission institutions	-	421,526	421,526	762	149,227	149,989
From Economic and Social Research Council	-	558,701	558,701	-	492,298	492,298
From Government Departments	549,033	-	549,033	758,238	-	758,238
From Trusts and Foundations	2,920	423,369	426,289	5,840	349,743	355,583
From other sources	319,408	14,743	334,151	296,392	-	296,392
	871,361	1,418,339	2,289,700	1,061,232	991,268	2,052,500

3 Charitable Activities

	2016			2015		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Staff costs	783,620	1,191,551	1,975,171	1,005,091	945,037	1,950,128
Honoraria and fees including pass through money for European commission projects	59,294	245,444	304,738	51,042	84,480	135,522
Travel and subsistence	14,083	21,046	35,129	21,486	33,195	54,681
Books and journals	-	18,811	18,811	1,246	1,150	2,396
Research materials	56,149	14,531	70,680	38,051	10,154	48,205
Sundry expenses	4,058	20,853	24,911	8,589	2,671	11,259
Support costs	344,340	378,066	722,406	482,319	304,600	786,919
	1,261,544	1,890,302	3,151,846	1,607,823	1,381,287	2,989,111

4 Support Costs

	2016	2015
	£	£
Staff costs	411,496	556,172
Premises costs	82,999	91,179
IT	96,262	51,853
Postage	9,790	10,111
Depreciation	50,447	38,688
Provision for bad debts and finance costs	18,279	53,105
Sundry expenses	96,307	87,027
Other professional services	58,752	11,169
Governance Costs	22,226	-
	846,558	899,304

Support costs have been applied on a directly attributable basis, where possible, and the residue on an income basis, as follows:

	2016	2015		
Publications			124,152	105,251
Research activities	Unrestricted	344,340	482,319	
	Restricted	378,066	304,600	
		722,406	786,919	
Governance Costs			7,134	
			846,558	899,304

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

5 Net Income/ Expenditure for the Year

This is stated after charging:	2016	2015
	£	£
Depreciation	50,447	38,688
Auditor's Remuneration:-		
Audit Fees	19,590	(7,450)
Accountancy Services	2,511	930
	<u>50,447</u>	<u>38,688</u>

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

	2016	2015
	£	£
Wages and salaries	1,913,135	2,040,270
Social security costs	176,202	193,537
Other pension costs	297,330	291,193
	<u>2,386,667</u>	<u>2,525,000</u>

	2016	2015
Staff earning £60,000 - £70,000	2	2
Staff earning £70,000 - £80,000	2	3
Staff earning £80,000 - £90,000	3	3
Staff earning £90,000 - £100,000	1	2
Staff earning £100,000 - £110,000	1	1

The charity trustees were not paid and did not receive any other benefits from employment with the charity or its subsidiary in the year (2015:nil)

No charity trustee received payment for professional or other services supplied to the charity (2015:nil)

The key management of the parent charity, the Institute, comprise the trustees, the director (to 05/10/2015) the interim director (to 31/03/16) and the Chief Operating Officer. The total employee benefits of the key management personnel of the Institute are £202,328 (2015:£215,549)

The key management personnel of the group are the same as those of the parent charity.

There were nil donations (2015:nil) from any trustees in the year.

There were no other related party transactions in the year.

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Research	34	34
Library	1	1
Publications	-	-
Administration and general	<u>7</u>	<u>6</u>
	42	41
Full time equivalent staff in year	34	36

Remuneration of Directors

	£	£
Directors emoluments	87,941	101,039
Pension contributions	8,940	17,477
	<u>96,881</u>	<u>118,516</u>

Directors emoluments are comprised of salary and pension costs up to and including 5th October 2015.

Thereafter emoluments are on a consultancy basis for an interim director for the remainder of the financial year

	Number of directors	
	2016	2015

Retirement benefits were accruing to the following number of directors under:

- Defined benefit schemes	<u>1</u>	<u>1</u>
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National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

7 Loss on realisation of assets

	2016	2015
	£	£
(Loss) / Gain on disposal of investments	(69,090)	25,763
	(69,090)	25,763

8 Tangible fixed assets - Group and Charity

	Freehold property	Improvements R/H Property	Computers and office machinery	Website	IT Upgrade	Cyber Essentials	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2015	167,380	108,115	75,282	42,498	47,681	-	440,956
Additions	-	-	10,596	-	-	3,150	13,746
At 31 March 2016	167,380	108,115	85,878	42,498	47,681	3,150	454,702
Depreciation							
At 1 April 2015	49,000	63,790	51,389	24,075	5,683	-	193,937
Charge for year	-	10,812	16,960	10,624	11,920	131	50,447
On disposals	-	-	-	-	-	-	-
At 31 March 2016	49,000	74,602	68,349	34,699	17,603	131	244,384
Net book value							
At 31 March 2016	118,380	33,513	17,529	7,799	30,078	3,019	210,318
At 31 March 2015	118,380	44,428	23,893	18,423	41,998	-	247,122

The Trustees consider that the value of the Freehold Property is significantly in excess of its book value. However, as they have no intention of realising it at present, no formal valuation has been undertaken.

9 Investments

Market Values - Group

	2016 Cost	2016 Market value	2015 Cost	2015 Market value
	£	£	£	£
Stock Investments	2,274,217	2,262,377	2,565,875	2,634,182
Current asset investments:				
Cash held by brokers and Cash bonds	33,099	33,099	20,637	24,773
Total Fixed Asset Investments	33,099	33,099	20,637	24,773

Market Values - Charity

	2016 Cost	2016 Market value	2015 Cost	2015 Market value
	£	£	£	£
Fixed asset investments:				
Listed on:				
London stock exchange	2,274,217	2,262,377	2,565,875	2,634,182
	2,274,217	2,262,377	2,565,875	2,634,182
Total investments	2,274,217	2,262,377	2,565,875	2,634,182
Cash held by brokers and Cash bonds	33,099	33,099	20,637	24,773
Accrued Interest	-	1,926	-	-
	2,307,316	2,297,402	2,586,512	2,658,955

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

9 Investments (contd)

Income from Investments:-

Listed on:

- London stock exchange
- Bank and Other Interest

2016 2015

89,339	76,774
760	672
<u>90,099</u>	<u>77,446</u>

Investment movements:- Group

	2016	2016	2015	2015
	£	£	£	£
	Cost	Market value	Cost	Market value
At beginning of year	2,565,875	2,634,182	2,270,325	2,214,488
Addition of Investments	646,749	646,749	720,958	720,958
Disposals of Investments at Carrying Value	(938,407)	(861,084)	(425,408)	(428,340)
Net gain / (loss) on revaluation	-	(157,470)	-	127,076
At end of year	<u>2,274,217</u>	<u>2,262,377</u>	<u>2,565,875</u>	<u>2,634,182</u>

Analysis of investments – Group and Charity

The following individual investments form greater than 5 per cent of the investment portfolio:

Name of investment

	2016	2015
	£	£
Charities Property Fund	179,278	222,385
Ishares FTSE 100	-	167,844
JP Morgan Am UK Ltd US Equity Inc	-	142,875
	<u>179,278</u>	<u>533,104</u>

10 Debtors

	Group	Group	Charity	Charity
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	313,991	445,696	313,991	445,696
Accrued Income	510,317	324,984	510,317	302,761
Other debtors	49,015	46,146	49,015	46,146
	<u>873,323</u>	<u>816,826</u>	<u>873,323</u>	<u>794,603</u>

11 Analysis of cash and cash equivalents

	Group	Group	Charity	Charity
	2016	2015	2016	2015
	£	£	£	£
Cash in hand, at bank	304,984	552,315	294,507	547,386
Cash held by brokers - shown in investments	35,025	24,773	35,025	24,773
	<u>340,009</u>	<u>577,088</u>	<u>329,532</u>	<u>572,159</u>

12 Creditors amounts falling due within one year

	Group	(Restated) Group	Charity	(Restated) Charity
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	32,465	32,827	32,463	32,342
Accruals	281,831	176,260	240,535	134,621
Other taxation and social security	123,267	147,116	123,267	147,116
Deferred income	438,879	708,138	386,029	640,638
Amounts owed to subsidiary undertaking	-	-	188,513	82,473
	<u>876,442</u>	<u>1,064,341</u>	<u>970,807</u>	<u>1,037,190</u>

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

13 Reconciliation of movement in unrestricted funds

	Group And Charity Funds - 2015	2016		Group and Charity Funds 2016
		Incoming / (Outgoing) resources	Transfer	
	£	£	£	£
General reserves	3,722,940	50,671	-	3,773,611
Transfer to Restricted fund	(522,063)	-	(471,963)	(994,026)
Work Experience support fund (designated)	10,000	-	-	10,000
NIESR Building Fund (designated)	-	20,000	-	20,000
	3,210,877	70,671	(471,963)	2,809,585

All funds taken to the unrestricted reserves at the year end are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity. The General reserves represent the free funds of the Charity which are not designated for particular purposes.

The unrealised gains on revaluation of assets are represented by investments.

14 Reconciliation of movement in restricted funds

	Group And Charity Funds - 2015	Incoming / (Outgoing) resources	Transfer	Group and Charity Funds 2016
Restricted funds	(522,063)	(471,963)	-	(994,026)
Transfer from Unrestricted Funds	522,063	-	471,963	994,026
	-	(471,963)	471,963	-

Restricted funds represent profits on restricted grants from funders.

15 NIESR Services Ltd Company No 0463185

	2016	2015
	£	£
Turnover		
Royalties	140,870	137,811
Cost of Sales	(35,873)	(75,655)
Gross Profit	104,997	62,156
Distribution and administrative expenses	(177)	(844)
	104,820	61,312
Interest receivable	23	9
Net Profit	104,843	61,321
Gift Aid Payable 15/16	(104,843)	(61,321)
Transfer to general reserves	-	-

The aggregate of the assets, liabilities and funds was:

Assets	104,845	109,625
Liabilities	(104,843)	(109,623)
	2	2

16 Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2016	Group 2015	Charity 2016	Charity 2015
	£	£	£	£
Net income and expenditure per SOFA	(401,292)	(187,908)	(506,133)	(187,908)
Add back depreciation	50,447	38,582	50,447	38,688
(Gains)/ losses on investment	157,470	(127,076)	157,470	(127,076)
Deduct interest income	(92,151)	(77,390)	(92,128)	(77,381)
Decrease (increase) in debtors	(56,394)	346,456	(78,617)	358,291
Increase (decrease) in creditors	(187,899)	220,231	(66,383)	227,491
Net cash used in operating activities	(529,819)	212,895	(535,344)	232,105

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

17 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

18 Post Balance Sheet Events

There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

19 Provisions for Liabilities – Pensions

Universities Superannuation Scheme (USS)

At 31 March 2016, the charity had 34 (2015:30) active members participating in the scheme. The total pension cost for the charity was £258,750 (2015: £241,744). The contribution rate payable by the charity was 16% of pensionable salaries. All pension contributions due within the year were paid within the year.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (“the valuation date”), which was carried out using the projected unit method. Since the Institute cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme’s technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.60%	3.30%
Pensionable Salary Growth	n/a	3.5% in the first year and 4% thereafter
Pension Increases (CPI)	2.20%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) SINA tables as follows:

Male members' mortality 98% of SINA ["light"] YoB tables – No age rating

Female members' mortality 99% of SINA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme Assets	£49.8bn	£49.1bn
Total Scheme Liabilities	£58.3bn	£60.2bn
FRS102 total Scheme deficit	£8.5bn	£11.1bn
FRS102 total funding level	85%	82%

National Institute of Economic and Social Research

Consolidated Report and Financial Statements 31 March 2016

Other Pension Plans

To comply with auto enrolment requirements, from 1st January 2016 all staff entitled to membership of the Universities Superannuation Scheme are in that scheme. All remaining staff are in the new qualifying pension scheme with Legal and General, unless they exercised their right to opt out of scheme membership. Contributions to Legal and General are calculated on pensionable salary. Sums paid into non-USS schemes in the year amounted to £38,580 (2015: £49,744)

In 2005, it was agreed that a former employee was entitled to supplementary payments of £3,869 per annum, and a provision was made in the accounts to cover these payments for a period of 10 years. A total of £3,869 was paid out in the year. (2015 £3,869)