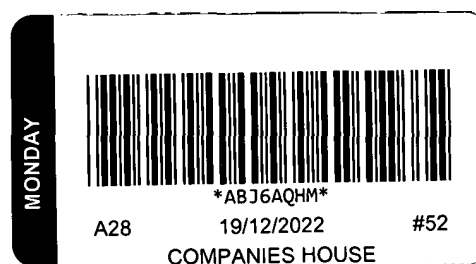


The Institute of Economic Affairs
(A Charitable Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2022



Company Registration No. 755502
Registered Charity No. 235351

The Institute of Economic Affairs

TRUSTEES' REPORT

REFERENCE AND ADMINISTRATIVE DETAILS

Company Registration Number: 755502

Charity Registration Number: 235351

TRUSTEES

Neil Record	Chairman
Kevin Bell	
Christian Bjornskov	
Robert Boyd	
Linda Edwards	
Robin Edwards	Treasurer
Sir Michael Hintze	
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	
Linda Whetstone	Deceased 15 December 2021

DIRECTOR GENERAL

Mark Littlewood

ACADEMIC & RESEARCH DIRECTOR

James Forder

SECRETARY

Andrew Mayer

REGISTERED OFFICE

2 Lord North Street
Westminster
London SW1P 3LB

AUDITOR

Streets Audit LLP
Chartered Accountants & Statutory Auditor
1 Mark Square
Shoreditch
London
EC2A 4EG

BANKERS

Barclays Bank PLC
Leicester
LE87 2BB

INVESTMENT MANAGERS

CCLA Investment Management Limited
Vanguard Asset Management

The Institute of Economic Affairs

TRUSTEES' REPORT

The Trustees present their report together with the financial statements of the Institute of Economic Affairs (IEA) for the year ended 31 March 2022.

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 (published October 2019).

STATUS

The Institute of Economic Affairs is a charitable company limited by guarantee. The Institute was established through a trust deed in November 1955 and incorporated in 1963. It was set up under a Memorandum of Association which sets out its objects and powers and is governed under its Articles of Association. It is a registered charity No. CC/235351.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The IEA is managed by its Director General, Mark Littlewood, who oversees all aspects of its affairs and is responsible for achieving its goals. He reports three times a year to the full Board of Trustees and more frequently to its Finance and General Purposes Committee, comprising the committee Chairman, Bruno Prior, the Chairman of the Board, Neil Record, the Treasurer, Robin Edwards, and board member, Robert Boyd. These individuals also serve as the Audit Committee. Decisions about the level and mix of activities are made by the Trustees; about detailed day-to-day operations by senior staff, sometimes with advice from the Finance and General Purposes Committee. Two of the Trustees, the Chairman of the Board, Neil Record, and the Chairman of the Finance and General Purposes Committee, Bruno Prior, form a sub-committee which reviews the Director General's performance annually. Three of the Trustees, the Chairman of the Board, Neil Record, Kevin Bell, and Linda Edwards, together form a Nominations subcommittee which recommends potential Trustees to the full Board from time to time.

OBJECTIVES AND ACTIVITIES

The charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We try to achieve our objectives by means of the activities listed below, which include allocated support costs.

Academic programmes:

- Research, publication and launch events
- Student/teacher outreach
- Special events
- Communication and distribution, including digital and media

Fundraising and subscriber support (more details of our approach are provided below).

PUBLIC BENEFIT

As detailed above, the charity's main aims are to promote learning by means of research into economics and politics and to improve public understanding thereof. We bring analysis of issues relating to political economy to the public's attention through our various academic programmes and other activities. The Trustees confirm that, in exercising their powers and fulfilling their responsibilities in pursuit of the aims described above, they have paid due regard to the guidance on public benefit published by the Charity Commission.

The Institute of Economic Affairs

TRUSTEES' REPORT

FUNDRAISING

The IEA is entirely independent of any political party or group, and is funded by voluntary donations from individuals, companies and foundations who want to support its work plus a small amount of income from subscriptions, event partnerships and conferences, plus books sales and investments.

The IEA does not use commercial fundraisers nor carry out mass mailing/communications exercises. Most donors come to the IEA unprompted or via third party recommendations. Where the IEA seeks prospective donors to pro-actively reach out to, this is done using published data from the Electoral Commission and similar organisations.

Donors are communicated with in the format and with the frequency they prefer. Internal protocols exist to desist from communicating with donors who have ceased to donate and have not responded to further communication. New donors are investigated to the best of the IEA's ability to ensure that donations have not come from government organisations and are from people or organisations of good standing.

A diligent approach is taken to ensure that all donations are intended, not accidental or from someone who may not understand the nature of the donation they are giving. The IEA has received no complaints regarding its fundraising activities.

REVIEW OF ACHIEVEMENTS

The IEA, like many organisations, spent the start of the year responding to Government regulations around what events we could have, who we could meet, and where we could work. Our preparation for hybrid working in the prior year however proved a wise investment. We maintained a strong and growing level of digital output through the restrictions, were influential on the pace of their relaxation, and emerged stronger across all our areas of work. We were able to return to in-person events at 2 Lord North Street and elsewhere.

Our educational content expanded on several platforms. YouTube views more than quadrupled to 2.3 million, almost ten times those pre-Covid. This was in part thanks to a range of new output including: The Swift Half hosted by Head of Lifestyle Economics, Christopher Snowden, Markets and Morality hosted by Head of EPICENTER, Adam Bartha, Parallax Views hosted by Head of Cultural Affairs, Marc Glendening and The Double Take hosted by Head of Media, Emily Carver. The IEA's UK public affairs outreach hit new highs in 2021. Despite ongoing restrictions for part of the year, IEA staff were able to meet with 75 Parliamentarians (of all parties) to discuss free market ideas.

The diversification of the UK broadcast landscape, notably the launch of GB News and TalkTV, has increased opportunities for IEA commentary, direct to the public, and a growing number of new commentators, for example Chief Operating Officer and Energy Analyst, Andy Mayer on the energy crisis and Head of Public Policy, Matthew Lesh on the wider cost of living. We continue to grow our presence on the BBC and Sky News' flagship shows, including BBC Politics Live, BBC Question Time, BBC Papers, Sky News Press Preview, and our spokespeople regularly appear on Sky News' Uncommon Ground and The Great Debate, as well as LBC Cross Question. The IEA's publishing programme also continued strongly under the leadership of a new Academic and Research Director, James Forder. We released 30 pieces of research across a wide range of topics, from football regulation (the IEA paper Red Card? discussed the government's plans to introduce an independent regulator for English football) to the importance of imports for the UK economy (The Importance of Imports).

We significantly strengthened our international outreach, a priority since the sad passing of IEA Trustee and hero of the international liberty movement Linda Whetstone in December 2021. A tireless campaigner and advocate for freedom, she will be missed. This year the IEA, partnering with The Vinson Centre at the University of Buckingham, launched the Initiative for African Trade and Prosperity which has already secured 13 think tank partners in different countries. IATP works with them and individuals to promote free market, local, and bottom-up solutions to the issues facing the continent. Epicenter has also continued its excellent work advancing free markets across Europe, publishing 21 pieces of research (papers and briefings)

The Institute of Economic Affairs

TRUSTEES' REPORT

and hosting, or speaking at 38 events. The IEA was chosen as a finalist of the Atlas Network's Templeton Freedom Award, a global award that recognises contributions to the understanding of free enterprise and the public policies that encourage prosperity and human flourishing through free competition.

Domestically, our student and education outreach continued to engage with a vast number of students. Thirty young people participated in our three-month internships, a more than 300% increase on a decade ago, and more than 1,000 students were reached as part of our Summer Education Programme. The end of restrictions also allowed us to hold our Freedom Week event, allowing 32 students to participate in a week-long series of lectures from top academics in Cambridge.

FINANCIAL REVIEW

Total income for the year was £2,565,000 (2021 (15 months): £2,343,000) and total expenditure was £2,349,000 (2021: £2,328,000). After taking account of gains on investments of £100,000 (2021: £35,000), there was a net increase in funds of £316,000 (2021: £50,000) in the year. Restricted income was £275,000 (2021: £400,000) compared with expenditure on restricted projects of £403,000 (2021: £279,000). Investment income on the Ralph Harris Endowment Fund during the year amounted to £22,000 (2021: £24,000). Total net assets were increased to £3,342,000 (2021: £3,026,000). The financial statements, together with the notes thereto, expand on these outline details.

The Finance and General Purposes Committee, and the full Board of Managing Trustees, regularly review the amount of donations. There has been a 13% increase in the amount of donations in this year, compared with the 15 month period 2020/2021. We are grateful to all our donors for supporting our work.

GRANT MAKING POLICY

The Trustees make occasional grants to individuals to support their research and to attend conferences. These are often from restricted funds donated specifically for such purposes. From time to time grants may be made to other institutes where the Trustees think it appropriate. All such projects are assessed by reference to our mission.

INVESTMENT AND RESERVES POLICIES

The Institute's educational mission has a long-term orientation, as noted above, whereas our ability to carry out our work depends on attracting annual donations in a highly competitive fund-raising environment. Accordingly, the Trustees' policy is to invest conservatively, largely in equity funds, fixed interest funds and government securities. The Ralph Harris Fund is invested with a long-term time horizon. The Treasurer and the Finance and General Purposes Committee regularly review investment results. During the period, the value of the investments rose by 9% relative to a rise in the FTSE 100 Index of 12%.

The Trustees' policy on reserves, which is reviewed annually, is to have sufficient liquid funds on hand to cover two months of budgeted expenditure, which amounts to approximately £450,000. We believe this is adequate, under normal circumstances, to enable us to maintain operations in the event of seasonal or other fluctuations in donations and/or expenditure. This target has been met in that there was cash at bank and in hand of £1,009,000 at the year-end plus the cash deposits held within the Ralph Harris Fund of £699,000 which are available to endow the position of the Director General of the IEA. A transfer of £200,000 has been made during the period in this respect. The Trustees do not seek to accumulate reserves, but rather to apply donations in support of the Institute's programmes in accordance with donors' intent. The free reserves of the charity as at 31 March 2022, defined as being unrestricted, undesignated funds not represented by tangible fixed assets, amounted to £689,000 (2021: £152,000).

RISK REVIEW

The principal risks and uncertainties to which the IEA is exposed are reputational, loss of key personnel, and financial.

The Institute of Economic Affairs

TRUSTEES' REPORT

Reputational risk centres on the quality and integrity of the Institute's research and publications and other activities. All the IEA's major publications are peer reviewed. The system was managed in the period by the Academic and Research Director and supervised by the Chairman of our Academic Advisory Board, Professor Martin Ricketts.

The IEA maintains strict independence from commercial, party political or other interests. It does not accept commissions to perform research on behalf of commercial or governmental interests.

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman, to assess whether both the employer's and employees' objectives are being satisfied. As with any small organisation, it is not possible to completely protect against the loss of key people.

Financial risks and uncertainties are largely covered by the Reserves and Investment policies noted above. The Trustees examine at least once a year the major strategic, operational and financial risks and uncertainties which the Institute faces, either at regular or special Board meetings, or through the Finance and General Purposes Committee.

FUTURE PLANS

In 2022-23, the IEA intends to cement the success of the previous year with further investment in our respected publications programme, which will produce high-calibre research on healthcare, the regulatory environment, energy and climate change, lifestyle issues and more; through our extensive student and teacher outreach programme and through our comprehensive communications strategy.

The Institute of Economic Affairs

TRUSTEES' REPORT

TRUSTEES

The following were Trustees (who are directors for the purposes of company law) at the time of signing this report and financial statements. They all held office throughout the year ended 31 March 2022 and up to the date of signing this report, unless otherwise stated.

Neil Record	Chairman
Kevin Bell	
Christian Bjornskov	
Robert Boyd	
Linda Edwards	
Robin Edwards	Treasurer
Sir Michael Hintze	
Professor Patrick Minford	
Bruno Prior	
Professor Martin Ricketts	
Linda Whetstone	Deceased 15 December 2021

None of the Trustees has an interest, direct or indirect, in any contract entered into by the Institute. The Trustees may from time to time, and at any time, appoint any person to be a Trustee, up to the prescribed maximum of twelve. Appointments are normally made on the recommendation of the Nominations Committee. Any Trustee so appointed retains office until the next Annual General Meeting, and is then eligible for re-election on a three-year rotating basis.

New Trustees are 'trained' mostly on the job by attending meetings of Trustees. They are provided with notes covering the Institute's mission, history, organisation, governance and details of the other Trustees, together with the latest Trustees' Report and Financial Statements. Newly appointed Trustees will usually already have substantial board level or departmental management experience in either the commercial or academic arenas.

PAY POLICY FOR SENIOR STAFF

The performance of key personnel is reviewed at least annually, either by the Director General or by a small committee of Trustees, led by the Chairman. Pay increases and bonuses are awarded to reward merit. Decisions regarding pay levels are informed by reference to other think tanks and also comparable positions in related sectors.

TAXATION STATUS

The charitable company is a registered charity and, as such, for taxation purposes is entitled to exemption under the Income and Corporation Taxes Act 1988.

The Institute of Economic Affairs

TRUSTEES' REPORT

AUDITOR

A resolution to reappoint Streets Audit LLP, as auditors will be put to the members at the annual general meeting.

The Trustees have taken advantage of the exemptions available under the small companies' regime from the requirement to prepare a strategic report and in preparing the Trustees' Report.

By order of the board



Neil Record
Chairman

24 October 2022

The Institute of Economic Affairs

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the Institute of Economic Affairs for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper 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 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; and
- 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.

By order of the board



Neil Record
Chairman

24 October 2022

The Institute of Economic Affairs

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2022

Opinion

We have audited the financial statements of the Institute of Economic Affairs, ('the charity'), for the year ended 31 March 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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 charitable company's affairs as at 31 March 2022 and of its 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the charitable company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

The Institute of Economic Affairs

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2022

Opinion 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' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 from the requirement to prepare a Strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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, 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 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 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

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 it 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.

Our approach to identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the audit engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management and from our knowledge and experience of the charity and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence, if required; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

The Institute of Economic Affairs

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF ECONOMIC AFFAIRS

For the year ended 31 March 2022

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed a sample of grants in the year to ensure accurate recognition;
- agreed a sample of employees on the payroll to existence and agreed the accuracy of the pay;
- assessed and reviewed the appropriateness and effectiveness of the key systems and controls;
- assessed whether judgements and assumptions made in determining the accounting estimates set out were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and on-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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. 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



ROBERT ANDERSON (Senior Statutory Auditor)
for and on behalf of
Streets Audit LLP
Chartered Accountants and Statutory Auditor
1 Mark Square
Shoreditch
London
EC2A 4EG

Date: 31 October 2022

The Institute of Economic Affairs
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
For the year ended 31 March 2022

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2022 (12mths) £000	Total 2021 (15mths) £000
INCOME FROM:						
Donations	2	2,148	275	-	2,423	2,150
Charitable activities:						
Publications and subscriptions		52	-	-	52	43
Special events		-	-	-	-	3
Other trading activities		54	-	-	54	30
CJRS Income		12	-	-	12	93
Investments:						
Dividends receivable		-	-	22	22	23
Interest receivable		-	-	-	-	1
Foreign exchange gain		2	-	-	2	-
TOTAL		2,268	275	22	2,565	2,343
EXPENDITURE ON:						
Raising Funds:						
Fundraising and subscriber support		298	1	-	299	367
Charitable activities:						
Academic programme:						
Research and Publications		591	270	-	861	927
Student/Teacher outreach		386	94	-	480	380
Special Events		18	-	-	18	83
Communications		653	38	-	691	571
TOTAL	3	1,946	403	-	2,349	2,328
Net Gains on Investments:						
Realised gains on disposals		-	-	49	49	13
Unrealised gains		-	-	51	51	22
NET (EXPENDITURE)/ INCOME	4	322	(128)	122	316	50
Transfers between funds		200	-	(200)	-	-
NET MOVEMENT IN FUNDS		522	(128)	(78)	316	50
RECONCILIATION OF FUNDS:						
TOTAL FUNDS BROUGHT FORWARD	11,12, 13,14	873	241	1,912	3,026	2,976
TOTAL FUNDS CARRIED FORWARD	11,12, 13,14	1,395	113	1,834	3,342	3,026

The Institute of Economic Affairs

BALANCE SHEET
As at 31 March 2022

Company Registration No. 755502
Registered Charity No. 235351

	Notes	31 March 2022	31 March 2021
		£000	£000
FIXED ASSETS			
Tangible assets	7	536	551
Investments	8	1,790	1,889
		<u>2,326</u>	<u>2,440</u>
CURRENT ASSETS			
Debtors	9	273	108
Cash at bank and in hand		1,009	660
		<u>1,282</u>	<u>768</u>
CREDITORS: Amounts falling due within one year	10	(266)	(182)
NET CURRENT ASSETS		<u>1,016</u>	<u>586</u>
NET ASSETS		<u>3,342</u>	<u>3,026</u>
THE FUNDS OF THE CHARITY:			
Endowment fund	11, 14	1,834	1,912
Restricted funds	12,14	113	241
Unrestricted funds	13,14	1,395	873
TOTAL FUNDS	14	<u>3,342</u>	<u>3,026</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 12 to 25 were approved by the Trustees and authorised for issue on

24 October 2022 and are signed on their behalf by:



Neil Record
Chairman

The Institute of Economic Affairs

STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

		2022 (12 months) £000	2021 (15 months) £000
Net cash generated from/(used in) operating activities	(A)	133	86
Cash flows from investing activities:			
Dividends and interest		22	24
Proceeds from sale of investments		273	550
Purchase of investments		(74)	(377)
Purchase of fixed assets		(5)	(6)
Net cash provided by investing activities		216	191
Change in cash and cash equivalents in the period	(B)	349	277
Cash and cash equivalents at 1 April 2021 (1 January 2020)		660	383
Cash and cash equivalents at 31 March		1,009	660
(A) RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH USED IN OPERATIONS:			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		316	50
Adjustments for:			
Depreciation charges		20	23
Gains on investments		(100)	(35)
Dividends and interest		(22)	(24)
(Increase)/Decrease in debtors		(165)	200
Increase/(Decrease) in creditors		84	(128)
Net cash generated from/(used in) operating activities		133	86
(B) ANALYSIS OF CHANGES IN NET DEBT			
Cash at bank and in hand at 1 April 2021 (1 January 2020)		660	383
Cash flow		349	277
Cash at bank and in hand at 31 March		1,009	660

The Institute of Economic Affairs

ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND GOING CONCERN

The Institute of Economic Affairs (IEA) is a charitable company limited by guarantee, and is registered, domiciled and incorporated in England. Its registered office is 2 Lord North Street, Westminster, London SW1P 3LB. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are recognised at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective October 2019, the Charities Act 2011, and the Companies Act 2006. The Institute constitutes a public benefit entity as defined by FRS 102.

The Trustees confirm that at the time of approving the financial statements, there is a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Trustees have reviewed budgets and cash flow forecasts covering a period to 31 March 2024, taken account of current and anticipated financial performance in the current economic conditions, and the Institute's reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Institute's financial statements.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost, less depreciation. Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write each asset down evenly over its expected useful life, as follows:-

Freehold property	over 40 years
Office equipment	over 3 years

Expenditure of a capital nature below £1,000 is not capitalised, but charged to the Statement of Financial Activities in the year of expenditure.

STOCKS AND WORK IN PROGRESS

No value for accounts purposes is attributed to stocks of unsold publications.

PENSION CONTRIBUTIONS

The Institute operates a defined contribution scheme. Contributions are charged to the Statement of Financial Activities on an accruals basis. Amounts payable at the period end are included in other creditors.

INCOME

Income from donations is included in income when these have been pledged by the donor, it is probable that the income will be received and the amount can be measured reliably, except:

- when donors specify that donations given to the charity must be used in future accounting periods, the income is deferred until those periods;
- when donors impose conditions, which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the pre-conditions for use have been met.

Subscription income is credited to income for the subscription period covered.

All other income including income from investments is credited to income when receivable by the charity.

Income received from the government Coronavirus Job Retention Scheme (CJRS) has been recognised on a receivables basis.

EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. All costs are allocated between expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly. Support costs include central functions and have been allocated to activity cost categories on a basis

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ACCOUNTING POLICIES

consistent with the use of resources e.g. by floor space. Staff costs have been allocated according to the time spent on each activity.

FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

RESEARCH EXPENDITURE

Research expenditure is written off in the financial statements as it is incurred.

ENDOWMENT FUND

The Ralph Harris Fund is an expendable endowment fund whose use is restricted to financial support for the position of the Director General, including employment and support costs.

UNRESTRICTED FUNDS

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objectives. Designated funds are unrestricted funds which the Trustees have currently designated for specific purposes. General funds are unrestricted funds for which no specific purposes have been designated.

RESTRICTED FUNDS

Restricted funds are those donated to the Institute for one or more specific purposes.

OPERATING LEASES

All operating lease rentals are recognised in the Statement of Financial Activities on a straight line basis over the life of the lease.

FINANCIAL INSTRUMENTS

The charity has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Financial assets:

Basic financial assets, including investments held as fixed assets, and trade and other receivables, are initially recognised at transaction price.

Investments held as fixed assets comprise equities, open-ended funds, fixed interest securities and currency and are stated at year end market value (bid-price). Realised gains and losses on disposal and unrealised gains and losses due to the movement in market value of investments are recognised in the Statement of Financial Activities.

Other financial assets are assessed at the end of each reporting period for objective evidence of impairment due to reduction in the recoverable amount. Any impairment losses are recognised in the Statement of Financial Activities.

Financial liabilities:

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. Any subsequent changes to amounts payable are recognised in the Statement of Financial Activities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no critical accounting estimates and areas of judgement included within these accounts.

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES (15 months)

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2021 £000
INCOME FROM:					
Donations	2	1,750	400	-	2,150
Charitable Activities:					
Publications and Subscriptions		43	-	-	43
Special events		3	-	-	3
Other trading activities		30	-	-	30
CJRS Income		93	-	-	93
Investments:					
Dividends receivable		-	-	23	23
Interest receivable		-	-	1	1
TOTAL		1,919	400	24	2,343
EXPENDITURE ON:					
Raising Funds:					
Fundraising and subscriber support		367	-	-	367
Charitable activities:					
Academic programme:					
Research and Publications		814	113	-	927
Student/Teacher outreach		219	161	-	380
Special Events		83	-	-	83
Communications		566	5	-	571
TOTAL	3	2,049	279	-	2,328
Net Gains on Investments:					
Realised gains on disposals		-	-	13	13
Unrealised (losses)/gains		-	-	22	22
NET (EXPENDITURE)/INCOME	4	(130)	121	59	.50
Transfers between funds		241	-	(241)	-
NET MOVEMENT IN FUNDS		111	121	(182)	50
RECONCILIATION OF FUNDS:					
TOTAL FUNDS BROUGHT FORWARD	11,12 13,14	762	120	2,094	2,976
TOTAL FUNDS CARRIED FORWARD	11,12 13,14	873	241	1,912	3,026

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

2	DONATIONS	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
	Foundations, corporate and individuals		
	Restricted	275	400
	Unrestricted	2,148	1,750
		<u>2,423</u>	<u>2,150</u>

3	ALLOCATION OF COSTS 2022 (12 months)	Direct costs £000	Support costs £000	2022 Total £000
	Fundraising and subscriber support	20	279	299
	Research and Publications	238	623	861
	Student/Teacher Outreach	104	376	480
	Special Events	-	18	18
	Communications	148	543	691
		<u>510</u>	<u>1,839</u>	<u>2,349</u>

ALLOCATION OF SUPPORT COSTS 2022 (12 months)

Personnel costs	1,568
Office costs	189
Property costs	62
Travel costs	20
	<u>1,839</u>

Support costs have been allocated as follows:

	Support costs	Personnel costs
Fundraising and subscriber support	16%	15%
Publications	33%	34%
Student/Teacher Outreach	29%	19%
Special Events	1%	1%
Communications	21%	31%

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3	<i>ALLOCATION OF COSTS 2021 (15 months)</i>	<i>Direct costs £000</i>	<i>Support costs £000</i>	<i>2021 Total £000</i>
	<i>Fundraising and subscriber support</i>	15	352	367
	<i>Research and Publications</i>	120	807	927
	<i>Student/Teacher Outreach</i>	48	332	380
	<i>Special Events</i>	-	83	83
	<i>Communications</i>	73	498	571
		<u>256</u>	<u>2,072</u>	<u>2,328</u>

ALLOCATION OF SUPPORT COSTS 2021 (15 months)

<i>Personnel costs</i>	1,852
<i>Office costs</i>	143
<i>Property costs</i>	70
<i>Travel costs</i>	7
	<u>2,072</u>

Support costs have been allocated as follows:

	<i>Support costs</i>	<i>Personnel costs</i>
<i>Fundraising and subscriber support</i>	17%	17%
<i>Research and Publications</i>	39%	39%
<i>Student/Teacher Outreach</i>	16%	16%
<i>Special Events</i>	4%	4%
<i>Communications</i>	24%	24%

4	<i>NET EXPENDITURE</i>	<i>31 March 2022 (12 months) £000</i>	<i>31 March 2021 (15 months) £000</i>
	Net expenditure for the period is stated after charging:		
	Depreciation – charge for period	20	23
	Governance Costs - Auditor's remuneration	6	19
	Other Governance Costs	2	-
	Legal fees	-	-
	Operating lease rentals – plant and machinery	12	16
		<u></u>	<u></u>

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

5 TAXATION

The Institute is not liable to corporation tax on its income and gains in the current period to the extent that they are applied for charitable purposes.

6 EMPLOYEES

	31 March 2022 (12 months) No.	31 March 2021 (15 months) No.
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The average monthly number of persons employed by the Institute during the period was:

Office and management	20	20
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	31 March 2022 (12 months) £000	31 March 2011 (15 months) £000
Staff costs for above persons:		
Wages and salaries, including benefits	1,065	1,294
Social security costs	117	143
Other pension costs	40	90
	1,222	1,527

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the 15 month period was as follows:

	31 March 2022 (12 months) No.	31 March 2021 (15 months) No.
£60,001 - £70,000	2	3
£80,001 - £90,000	1	-
£90,001 - £100,000	3	3
£100,001 - £110,000	1	-
£190,001 - £200,000	1	1

The employees earning over £60,000 participate in the company defined contribution pension scheme. Contributions paid in the period in respect of these employees amounted to £45,787 (2021: £56,545).

The key management personnel of the Institute comprise the Trustees, together with the Director General, the Chief Operating Officer, the Academic & Research Director, the Chief Marketing & Creative Officer and the Development Director. The total employee benefits of these key management personnel were £558,672 (2021: £586,460), including pension and social security costs, and also consultancy fees paid to the Academic & Research Director and the Chief Marketing & Creative Officer who provide their services on a consultancy basis.

No Trustees, or persons related or connected to them, received any remuneration or reimbursement of expenses from the Institute during the period, other than as detailed in note 17 below.

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

7 TANGIBLE FIXED ASSETS

	Freehold property £000	Office equipment £000	Total £000
Cost			
1 April 2021	965	9	974
Additions in year	-	5	5
Disposals in year	-	(2)	(2)
31 March 2022	965	12	977
Depreciation			
1 April 2021	419	4	423
Charged for period	18	2	20
Released on disposals	-	(2)	(2)
31 March 2022	437	4	442
Net book value			
31 March 2022	528	8	536
31 March 2021	546	5	551

8 FIXED ASSET INVESTMENTS

	Open-end funds £000	Cash held on deposit £000	Total £000
Market value at			
1 April 2021	1,137	752	1,889
Additions	-	74	74
Disposals	(146)	(127)	(273)
Investment gains	100	-	100
Market value at 31 March 2022	1,091	699	1,790
Historical cost at 31 March 2022	889	699	1,588
Historical cost at 31 March 2021	986	752	1,738

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

9	DEBTORS	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
	Trade debtors	109	58
	Taxation recoverable	6	-
	Prepayments and accrued income	158	50
		<u>273</u>	<u>108</u>

10	CREDITORS: Amounts falling due within one year	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
	Trade creditors	95	18
	Taxation and social security	32	33
	Other creditors	-	23
	Accruals and deferred income	139	108
		<u>266</u>	<u>182</u>

Deferred income has arisen as a result of 2 year subscriptions paid in advance. Amounts are released to the Statement of Financial Activities within the period to which the subscription relates.

	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Deferred income at 1 April 2021 (1 January 2020)	1	108
Released to Statement of Financial Activities in period	(1)	(108)
Deferred in period	1	1
Deferred income at 31 March 2022	<u>1</u>	<u>1</u>

11 EXPENDABLE ENDOWMENT FUND

	At 1 April 2021 £000	Investment Income £000	Transfers between funds £000	Investment Gains £000	At 31 March 2022 £000
Ralph Harris Fund	1,912	22	(200)	100	1,834

The Ralph Harris Fund has been established as an expendable endowment fund to endow the position of Director General of the IEA as "Director General and Ralph Harris Fellow."

The Institute of Economic Affairs
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

12 RESTRICTED FUNDS

	At 1 April 2021 £000	Income £000	Expenditure £000	At 31 March 2022 £000
Events and Publications	-	4	(4)	-
Richard Koch Breakthrough Prize	40	55	(95)	-
Roof Restoration Fund	34	-	-	34
Cultural Affairs Unit	55	-	(55)	-
Trade Unit	-	15	(15)	-
Regulatory Affairs Unit	-	8	(8)	-
Lifestyle Economics	-	6	(6)	-
IATP	-	23	(23)	-
Student Outreach and Opportunity	6	5	(6)	5
European Network	5	75	(44)	36
Think Tent	-	38	(38)	-
Vinson Centre at the University of Buckingham	21	46	(67)	-
M Fund	80	-	(42)	38
	<u>241</u>	<u>275</u>	<u>(403)</u>	<u>113</u>

Donations were received to support various events and publications.

The Richard Koch Breakthrough prize will be awarded in a competition concerning innovative Free-Market Breakthrough policies.

Donations were received in response to a fundraising appeal to cover the costs of essential roof repair work in the next financial year.

The IEA has specialist units which examine and report on cultural affairs, trade and competition, regulatory affairs and lifestyle economics.

The Initiative for African Trade and Prosperity (IATP) is guided by the core belief that bottom-up free market policies are the most effective way to alleviate poverty, amplify liberty and create a more peaceful future.

The IEA's Student Outreach Programme aims to spread understanding of free markets and their benefits to students, and includes a Student Opportunity Fund to provide financial support to students who otherwise couldn't access IEA programmes.

Donations were received to support a network of public policy organisations from European countries.

Donations were received to establish a marquee, Think Tent, organised with two other think tanks, to be the central point for free market debate at the Conservative Party Conference.

The Vinson Centre at the University of Buckingham seeks to further the study of liberal economics in the UK.

The M Fund was set up to promote research into the reduction in the size of the public sector and to promote an interest in market economy policies on the part of teachers and senior pupils.

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

13 UNRESTRICTED FUNDS

	At 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2022 £000
Designated Funds					
Fixed Asset Fund	546	-	(18)	-	528
Major Building Works Fund	170	-	-	-	170
Designated unrestricted funds	716	-	(18)	-	698
Unrestricted general funds	157	2,268	(1,928)	200	697
	873	2,268	(1,946)	200	1,395

The Fixed Asset Fund represents donations made to the Institute currently designated and used by the Trustees for the purpose of acquiring freehold and investment property. A transfer has been made between the Fixed Asset Fund and general funds in order to reflect the depreciation of the freehold property in the period.

Funds were designated to undertake major building works which were originally planned to be undertaken in 2020 but delayed due to the Coronavirus Pandemic.

Unrestricted general funds represent free reserves after allowing for all designated funds.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Designated Funds £000	General Funds £000	Restricted funds £000	Endowment fund £000	Total funds £000
Fund balances at 31 March 2022 are represented by:					
Tangible fixed assets	528	8	-	-	536
Investments	-	-	-	1,790	1,790
Current assets	170	955	113	44	1,282
Current liabilities	-	(266)	-	-	(266)
Total net assets	698	697	113	1,834	3,342

15 PENSION SCHEMES

The Institute operates a defined contribution scheme and contributions to the scheme are made to an independent insurance company.

The pension costs of the Institute's scheme amounted to £40,225 (2021: £90,034). There were no contributions outstanding at the end of the period (2021: £22,750).

The Institute of Economic Affairs

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

16 STATUS

The Institute is a company limited by guarantee and has no share capital. The Institute had 10 (2021: 11) members at the period end.

The Memorandum of Association provides that members are liable to contribute a sum not exceeding £1 each in the event of the company being wound up while they are members or within one year of ceasing to be members.

17 RELATED PARTY TRANSACTIONS

During the period £122,751 was incurred in employment costs (2021: £119,669) of the partner of the Director General, who is a full-time employee of the Institute. There was £17,258 outstanding at the period end (2021: £6,828) in respect of these transactions.

Donations from trustees in the period totalled £70,290 (2021: £127,773). Donations from staff and consultants in the period totalled £10,020 (2021:nil).

Donations and fees of £179,183 (2021: £57,867) were received or pledged in the period from a company in which a Trustee is a director, and three Trustees are members. £72,000 (2021:nil) was outstanding at the year-end in respect of these transactions.

No conditions were attached to any of these donations which would require the charity to alter significantly the nature of its existing activities.

18 COMMITMENT UNDER OPERATING LEASES

The total future minimum lease payments, at the reporting date, under non-cancellable operating leases are as follows:	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Amounts due:		
- within one year	17	11
- between one and five years	44	27
	<hr/>	<hr/>

19 FINANCIAL INSTRUMENTS

	31 March 2022 (12 months) £000	31 March 2021 (15 months) £000
Financial Assets, at fair value:		
Investments held as fixed assets	1,790	1,889
	<hr/>	<hr/>