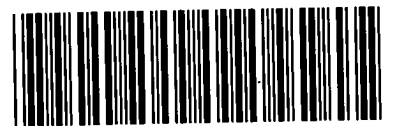


**POLITICS AND ECONOMICS RESEARCH TRUST**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Company Number: 05982645**

**Charity Number: 1121849**

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**POLITICS AND ECONOMICS RESEARCH TRUST**  
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**FOR THE YEAR ENDED 31 DECEMBER 2016**

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## **POLITICS AND ECONOMICS RESEARCH TRUST**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

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

## **POLITICS AND ECONOMICS RESEARCH TRUST**

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

---

The Trustees present their report and financial statements for the year ended 31 December 2016.

#### **Constitution**

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

#### **Trustees**

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

|                |                              |
|----------------|------------------------------|
| Peter Brown    |                              |
| Charles Knox   | – appointed 10 May 2016      |
| John Mills     | – resigned 10 May 2016       |
| Ian Moore      | – appointed 10 May 2016      |
| William Norton | – appointed 1 February 2016  |
| Simon Richards | – resigned 20 September 2016 |
| Richard Smith  | – resigned 27 April 2016     |

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

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

#### **Risk Management**

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

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

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

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

#### **Achievements and Performance**

In 2016, the charity approved seven grant proposals amounting to £68,820. The research grants approved in the year covered the four core subject areas of the Charity.

For 2016 grants have been awarded on the theme of Rebalancing the Economy, to investigate whether the UK economy is unbalanced, and if so how any rebalancing could be best brought about in terms of demand-driven policy changes or supply-side measures. Papers have been commissioned, in conjunction with a joint-funder, from IPPR, Demos, the New Economics Foundation, the Centre for Progressive Capitalism, the IEA, the CPS and Open Democracy. The Trustees believe that the collected results of this study, with submissions by the UK's leading think tanks and policy organisations from across the political spectrum, will provide a valuable and timely public benefit in contributing to informed and educated debate on a vital issue of public policy. The programme is now closed and the majority of the research findings were published during late 2016 and early 2017.

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

## **POLITICS AND ECONOMICS RESEARCH TRUST**

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

---

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

Overall, there was a surplus for the year of £276,781 (2015: deficit of £40,140). The Charity is financially dependent on voluntary income received from its supporters and had total incoming resources for the year of £163,591 (2015: £296,160), details of which are shown on the Statement of Financial Activities. The level of reserves at the year end was, after grant commitments, £294,464 (2015: £17,683).

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

#### **Grant making policy**

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

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

Grant proposal pass through two stages of scrutiny:

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

When looking at a proposal key issues are:

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

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

The Trustees have reviewed and updated in 2016 the Charity's documentation for the submission of grant applications and its processes for the award and monitoring of grant applications.

## **POLITICS AND ECONOMICS RESEARCH TRUST**

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

---



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

The Charity's aims for 2017 are to continue to make grants and fund research in pursuance of the charitable objects.

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

The Charity's chosen themes for 2017 are Remuneration and its Discontents, Value for Money in the Provision of Public Services and The Geographical Distribution of Wealth. In 2017, the Charity has received seven grant proposals of which six have been approved and one has been returned for further clarification. The proposals approved are from organisations across the political spectrum.

Approved by order of the board of trustees on 11 September 2017 and signed on its behalf by:

**W Norton – Trustee**

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

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I report on the accounts of the Politics and Economics Research Trust for the year ended 31 December 2016 set out on pages 6 to 12.

**Respective responsibilities of trustees and examiner**

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to an audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under Section 145 of the 2011 Act
- to follow the procedures laid down in the General Directions given by the Charity Commission (under Section 145(5)(b) of the 2011 Act); and
- to state whether particular matters have come to my attention.

**Basis of the independent examiner's report**

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

**Independent examiner's statement**

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
  - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
  - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



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

Date: 15 September 2017

**POLITICS AND ECONOMICS RESEARCH TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

|                                    | Notes | 2016<br>£        | 2015<br>£       |
|------------------------------------|-------|------------------|-----------------|
| <b>Income from:</b>                |       |                  |                 |
| Donations and legacies             | 2     | 163,591          | 296,160         |
| Investment income                  |       | -                | 4               |
| <b>Total income</b>                |       | <b>163,591</b>   | <b>296,164</b>  |
| <b>Expenditure on:</b>             |       |                  |                 |
| Charitable Activities              |       | (113,190)        | 336,304         |
| <b>Total expenditure</b>           | 3     | <b>(113,190)</b> | <b>336,304</b>  |
| <b>Net movement in funds</b>       |       | <b>276,781</b>   | <b>(40,140)</b> |
| Total fund brought forward         |       | 17,683           | 57,823          |
| <b>Total funds carried forward</b> |       | <b>£294,464</b>  | <b>£17,683</b>  |

All income and expenditure derive from continuing activities.

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

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



**POLITICS AND ECONOMICS RESEARCH TRUST**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2016**

**Company number - 05982645**

|                                                       |       | 2016           |                 | 2015           |                |
|-------------------------------------------------------|-------|----------------|-----------------|----------------|----------------|
|                                                       | Notes | £              | £               | £              | £              |
| <b>Current assets</b>                                 |       |                |                 |                |                |
| Debtors                                               | 6     | 161,860        |                 | -              |                |
| Cash at bank and in hand                              |       | 148,104        |                 | 208,783        |                |
|                                                       |       | <u>309,964</u> |                 | <u>208,783</u> |                |
| <b>Creditors: Amounts falling due within one year</b> | 7     | 15,500         |                 | 191,100        |                |
|                                                       |       | <u></u>        |                 | <u></u>        |                |
| <b>Net current assets</b>                             |       |                | 294,464         |                | 17,683         |
|                                                       |       |                | <u></u>         |                | <u></u>        |
| <b>Net assets</b>                                     |       |                | <b>£294,464</b> |                | <b>£17,683</b> |
|                                                       |       |                | <u></u>         |                | <u></u>        |
| <b>Represented by:</b>                                |       |                |                 |                |                |
| Unrestricted funds                                    |       |                | 294,464         |                | 17,683         |
|                                                       |       |                | <u></u>         |                | <u></u>        |
|                                                       |       |                | <b>£294,464</b> |                | <b>£17,683</b> |
|                                                       |       |                | <u></u>         |                | <u></u>        |

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2016.

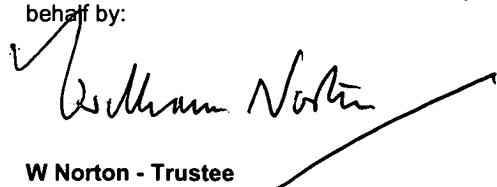
The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibilities for:

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

These financial statements have been prepared in accordance with the special provision of Part 15 of the Companies Act 2016 relating to small charitable companies:

The financial statements were approved by the Board of Trustee on 11 September 2017 and were signed on its behalf by:



**W Norton - Trustee**

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

# **POLITICS AND ECONOMICS RESEARCH TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

### **1. ACCOUNTING POLICIES**

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

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

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Bulletin 1 published 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

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

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

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

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

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

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

The funds of the Charity comprise:

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

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

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

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

## **POLITICS AND ECONOMICS RESEARCH TRUST**

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

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**(e) Expenditure**

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

- Expenditure on charitable activities includes research grants.

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

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

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

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

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

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

**(g) Debtors**

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

**(h) Cash at bank and in hand**

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

**(i) Creditors**

Creditors are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

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

**(j) Financial instruments**

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

# POLITICS AND ECONOMICS RESEARCH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2016

**(k) Taxation**

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

**(l) Judgements and key sources of estimation uncertainty**

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

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

| <b>2. Donations and Legacies</b>         | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|------------------------------------------|-------------------|-------------------|
| Donations including recoverable taxation | 163,591           | 296,160           |
|                                          | <b>163,591</b>    | <b>296,160</b>    |

| <b>3. Charitable Activities</b> | <b>Grants<br/>£</b> | <b>Support<br/>Costs<br/>£<br/>(Note 4)</b> | <b>Total<br/>2016<br/>£</b> | <b>Total<br/>2015<br/>£</b> |
|---------------------------------|---------------------|---------------------------------------------|-----------------------------|-----------------------------|
| Grants approved (note 3.1)      | 68,820              | -                                           | 68,820                      | 320,000                     |
| Amounts cancelled or returned   | (235,000)           | -                                           | (235,000)                   | (20,000)                    |
| Support costs                   | -                   | 52,990                                      | 52,990                      | 36,304                      |
| <b>Total resources expended</b> | <b>(166,180)</b>    | <b>52,990</b>                               | <b>(113,190)</b>            | <b>336,304</b>              |

| <b>3.1 Grant commitments</b>   | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Balance brought forward        | 188,000           | 10,000            |
| Grants approved (note 3.2)     | 68,820            | 320,000           |
| Amounts paid                   | (59,320)          | (122,000)         |
| Amounts cancelled              | (235,000)         | (20,000)          |
| 2015 grants returned           | 50,000            | -                 |
| <b>Balance carried forward</b> | <b>12,500</b>     | <b>188,000</b>    |

An approved grant of £100,000 was cancelled after mutual agreement that the project in question had materially altered in the course of its execution and no longer reflected the application in respect of which the grant had been approved. The first tranche of £50,000 paid in 2015 was returned in 2016. Another approved grant of £150,000 was partially cancelled after a scoping report costing £15,000 showed the project was not feasible.

**POLITICS AND ECONOMICS RESEARCH TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

| <b>3.2 Grants approved</b>                                               | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|--------------------------------------------------------------------------|-------------------|-------------------|
| The Trust approved the following grants to institutions during the year: |                   |                   |
| Business for Britain                                                     | -                 | 150,000           |
| Centre for Progressive Capitalism                                        | 10,000            | -                 |
| Commonwealth Exchange                                                    | -                 | 5,000             |
| CPS                                                                      | 10,000            | -                 |
| DEMOS                                                                    | 10,000            | -                 |
| IEA                                                                      | 9,820             | -                 |
| IPPR                                                                     | 10,000            | -                 |
| New Economics Foundation                                                 | 10,000            | -                 |
| Open Democracy                                                           | 9,000             | -                 |
| Tax Payers' Alliance                                                     | -                 | 165,000           |
|                                                                          | <b>68,820</b>     | <b>320,000</b>    |

| <b>4. Support costs:</b>  | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|---------------------------|-------------------|-------------------|
| Professional fees         | 45,068            | 21,792            |
| Independent Examiners fee | 2,100             | 2,100             |
| Other accountancy fees    | 5,232             | 12,412            |
| Sundry expenses           | 590               | -                 |
|                           | <b>52,990</b>     | <b>36,304</b>     |

Professional fees and Other accountancy fees for 2016 and 2015 largely comprise exceptional fees which should not recur.

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

There were no employees other than the trustees/directors (2015: None).

None of the trustees/directors received any remuneration or reimbursement of expenses during the year (2015: None).

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

| <b>6. Debtors</b>    | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|----------------------|-------------------|-------------------|
| Recoverable taxation | 161,860           | -                 |
|                      | <b>161,860</b>    | <b>-</b>          |

**POLITICS AND ECONOMICS RESEARCH TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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|                                                          |               |                |
|----------------------------------------------------------|---------------|----------------|
| <b>7. Creditors: Amounts falling due within one year</b> | <b>2016</b>   | <b>2015</b>    |
|                                                          | <b>£</b>      | <b>£</b>       |
| Grant commitments (note 3.1)                             | 12,500        | 188,000        |
| Accruals                                                 | 3,000         | 3,100          |
|                                                          | <u>15,500</u> | <u>191,100</u> |

**8. Related Party Disclosures**

During 2015 the charity made a grant payment of £50,000 to Business for Britain, at this time William Norton was a director. William Norton resigned as a director of Business for Britain on the 25 January 2016 and became a Director for Politics and Economics Research Trust on the 1 February 2016. On the 8 April 2016, the £50,000 grant amount paid to Business for Britain was repaid.