Company Registration No. 0684984
Charity Registration No. 1130567

Pro Bono Economics

Report and Financial Statements

For the period ended 30 June 2010

REPORT AND FINANCIAL STATEMENTS 2010

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TRUSTEES AND PROFESSIONAL ADVISERS

TRUSTEES

Martin Brookes	Appointed 17 March 2009
Andrew Haldane	Appointed 17 March 2009
Lucy Heady	Appointed 17 March 2009
David Ramsden	Appointed 1 April 2010

ACTING DIRECTOR

Jonathan Flory	Appointed 19 January 2010

OPERATIONS MANAGER

Sarah Hewison	Appointed 19 January 2010

REGISTERED OFFICE

3 Downstream
1 London Bridge
London
SE1 9BG

INDEPENDENT EXAMINER

JS2 Limited
One Crown Square
Church Street East
Woking
Surrey GU21 6HR

BANKERS

HSBC
28 Borough High Street
Southwark
London SE1 1YB

SOLICITORS

Bates Wells and Braithwaite London LLP
2-6 Cannon Street
London EC4M 6YH

TRUSTEES' REPORT

The trustees who are also directors of the company submit their first annual report and the financial statements for the period 17 March 2009 to 30 June 2010. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting by and Reporting by Charities" issued in March 2005 in preparing the annual report and financial statements of the charity.

CONSTITUTION

The charity is a registered charity and a company limited by guarantee and is governed by its memorandum and articles of association. The company was incorporated on 17 March 2009 and registered as a charity on 15 July 2009.

CHARITABLE OBJECTS

The charitable objects of the company are:

- To promote the efficiency and effectiveness of charities and the effective use of charitable resources for the benefit of charities and the effective use of charitable resources for the benefit of the public in particular by providing analytical economic assistance and advice to the charitable sector.

ABOUT PRO BONO ECONOMICS

Pro Bono Economics seeks:

- To improve the effectiveness of the charitable sector, in particular when evaluating the impact of its activities, and when presenting these results effectively to an external audience
- To provide a mechanism by which the economic profession can contribute to a well-functioning charitable sector, both as an end in itself and as part of professional development for economists
- To equip charities with the tools to do economic analysis themselves

It was founded by two economists who identified the potential to match economists with philanthropic inclinations with charities, recognising that the latter typically have no access to or cannot afford economic expertise. The vision is for economists to offer their services free of charge to charities who need help to address questions around measurement, results and impact, in response to the growing pressure to demonstrate their effectiveness and quantify their impact. Many charities are without the tools to this, or to do it sufficiently well to meet the requirements of funders and the public. Economists can play a valuable role in addressing these issues

How we work

Pro Bono Economics brings together economists and charities for defined projects. We accept applications from any UK-based organisation with charitable aims. We request information relating to each project proposed to us and take time to understand the aims and objectives of the charity, the aims of the project and the information available to support the economic analysis. We assign a suitable economist to spend time with the charity to scope the project in more detail and assess the data available. Where appropriate, we match one or more economists to produce the economic analysis. This is then peer reviewed before publication.

Public Benefit

When setting the objectives and planning the work of the charity for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The trustees consider that all of the aims and objectives detailed in this report benefit the public. By helping charities to perform more effectively, we ultimately help the people that these charities serve.

TRUSTEES' REPORT

OUR WORK TO DATE

Pro Bono Economics was publicly launched at an event hosted at HM Treasury on 29th September 2009. A website was set up giving information about the organisation and enabling charities and economists to register their interest (www.probonoeconomics.com).

Charities

In the year covered in this report Pro Bono Economics received applications from 26 charities to undertake work. These charities were made aware of PBE primarily through word of mouth, informal networks and from some media coverage. In the first year of operation the trustees agreed that we would not engage in any advertising or marketing of services to attract charities. This was deemed likely to result in too many applications for the small team to respond to. In the year ahead we expect to be able to engage with a broader array of charities.

These 26 charity projects were at varying stages at the end of this year:

- 1 completed project published in March 2010 for the St Giles Trust
- 14 project initiated, with 13 being scoped by economists and 1 fully underway
- 13 projects matched with economists and at the scoping stage
- 11 applications received and acknowledged but no economist match made

Our projects cover a range of locations across the UK. Four of the applications are from charities whose work is international - two of these projects are at the scoping stage.

Economic partners

From the start we have been fortunate to have the support of the Government Economic Service which is the professional body representing economists across the Civil Service. This provides a pool of individuals with broad expertise upon which we can draw to contribute to projects. This is mutually beneficial as economists who volunteer for PBE projects are afforded opportunities to develop skills outside of their daily role. The project underway, plus five of the projects at the scoping stage are being undertaken by GES economists.

We have also built relationships with three commercial economics firms. Our first published project, the St Giles Report, was carried out by the consultancy Frontier Economics whom we are pleased to have as a partner. Another economics consulting firm is undertaking scoping with one of the charities. We are still looking to match the third organisation with a project.

In addition to these organisations we have received applications to volunteer from a range of individuals working for private sector consultancies, academic institutions, or as freelance economists. At the end of the reporting period, our total pool of economists stood at 60.

Other partners

We have begun discussions with a consultancy firm who have agreed to support us by delivering a training programme for economists looking to volunteer with PBE, to be delivered in the autumn of 2010.

Other activities

Pro Bono Economics aims to ensure that the work our economists deliver is of use not only to the charities that request it, but is also available to the wider charitable sector for broader use. We hope to forge or strengthen the links between the economic and charitable sectors. To this end PBE put in place plans for an annual lecture series.

TRUSTEES' REPORT

Launch of St Giles Trust's Through the Gates report

15th March saw the launch of the St Giles Trust Through the Gates report, produced by Frontier Economics, held at the BT Tower. This was the first Pro Bono Economics report and a significant piece of the work for the St Giles Trust. The event brought together attendees from charities across the sector, funders, local government, the probation service and central government.

MEASURING OUR IMPACT

The feedback we received from the St Giles Trust on the value of the report that Frontier delivered, and from the Frontier team on their experience has been overwhelmingly positive. The report has been instrumental in St Giles securing new sources of funding. Rob Owen, CEO of St Giles asserts the value of the work:

'This report is groundbreaking - a first of its kind - having had access to statutory data and then critically peer reviewed by senior economists. It has certainly helped us in being selected to deliver the first ever, new and radical 'Social Impact Bond', hopefully the start of a funding revolution for organizations like St Giles Trust in partnership with organizations like Social Finance , that play very much to The Big Society concept of making our communities better, stronger and safer.'

Because we are a new charity, our impact over the reporting period was limited. Our aim is to work with charities once projects are completed, in order to ensure that there are long term benefits, and with the employers of our volunteer economists, to assess the value of their contribution and the positive impact that projects may have had for their organisation and workforce.

FINANCIAL REVIEW

During its first period of operation the charity received £57,972 by way of grants & donations and a further £2 from bank interest. Of this income £5,000 was from the Esmee Fairbairn Foundation and was unspent at the period end. Total resources expended in the period amounted to £19,808 leaving an unrestricted fund balance of £33,166 and a restricted fund balance of £5,000.

RISK MANAGEMENT

The Trustees are responsible for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The Board has started develop a risk strategy which will be developed in the coming year.

RESERVES

As a new charity the Foundation is reviewing its reserve position in order to develop a reserves policy in the coming year.

TRUSTEES' REPORT

TRUSTEES' RESPONSIBILITIES

United Kingdom company law requires the trustees, who are also directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Lucy Heady
Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF PRO BONO ECONOMICS

I report on the accounts of Pro Bono Economics for the period ended 30 June 2010, which are set out on pages 7 to 9.

This report is made solely to the charity's trustees, as a body, in accordance with section 43(3) of the Charities Act 1993 ("the Act). My examination has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body for my examination, for this report or for the opinions I have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under section 43(2) of the Charities Act 1993 (the Act) and that an independent examination is needed.

It is my responsibility to:

- Examine the accounts (under section 43(3)(a) of the 1993 Act);
- To follow the procedures laid down in the General Directions given by the Charity Commissioners (under section 43(7)(b) of the 1993 Act); and
- To state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S REPORT

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. 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 I do not express an audit opinion on the view given by the accounts.

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 trustees have not met the requirements to ensure that:

- proper accounting records are kept in accordance with Section 41 of the Act; and
- accounts are prepared which agree with the accounting records and comply with the accounting requirements of the Act; 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 A Speed FCA FCIE
JS2 Limited
One Crown Square
Woking, Surrey GU21 6HR

STATEMENT OF FINANCIAL ACTIVITIES
Incorporating an Income and Expenditure Account
Period Ended 30 June 2010

	Note	Unrestricted 2010 £	Restricted 2010 £	Total
Incoming resources				
Incoming resources from generated funds				
Voluntary income - donations		52,972	5,000	57,972
Investment Income – bank interest		2	-	2
Total incoming resources		52,974	5,000	57,974
Resources expended				
Charitable expenditure	3	16,597	-	16,597
Governance		3,211	-	3,211
Total resources expended		19,808	-	19,808
Net income for the year	4	33,166	5,000	38,166
Fund balance carried forward at 30 June		33,166	5,000	38,166

There are no recognised gains or losses other than those shown in the statement of financial activities.

All of the above results are derived from continuing activities.

BALANCE SHEET
30 June 2010

	Note	2010 £
CURRENT ASSETS		
Debtors – prepayments		2,088
Cash at bank and in hand		40,120
		42,208
CREDITORS: amounts falling due within one year		
Accruals		(4,042)
NET CURRENT ASSETS		38,166
TOTAL ASSETS LESS CURRENT LIABILITIES		38,166
NET ASSETS		38,166
FUNDS		
Restricted funds		5,000
General Fund – unrestricted		33,166
NET ASSETS		38,166

Audit Exemption Statement

For the period ending 30 June 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts ,
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Trustees on 6 December 2010.

Signed on behalf of the Trustees

Lucy Heady
Trustee

NOTES TO THE ACCOUNTS
Period ended 30 June 2010

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the period, are:

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 and applicable United Kingdom law and accounting standards. They reflect only the revenues, transfers and expenditures of the charity.

b) Company status

The charity is a company limited by guarantee.

c) Fund accounting

General funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

d) Resources expended

Charitable expenditure comprises expenditure related to the direct furtherance of the charity's charitable objectives. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the reporting accountant's fees and costs linked to the strategic management of the charity.

e) Incoming resources

All income is accounted for on a receivable basis.

f) Taxation

As a registered charity, Pro Bono Economics is exempt from taxation of income and gains within section 505 of the Taxes Act 1988 or section 256 of the Charities Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the year.

NOTES TO THE ACCOUNTS
Period ended 30 June 2010

2. CHARITABLE EXPENDITURE

Charitable expenditure includes the following direct costs of activities:

	2010
	£
Staff Costs –salary	4,800
Staff Costs –social security	431
Office costs	5,291
Advertising	687
IT	1,342
Web development	3,666
Other	380
	16,597

The charity employed one member of staff for 3 months during the period.

3. GOVERNANCE

Governance expenditure includes the following direct costs of activities:

	2010
	£
Legal costs	2,036
Independent Examination and accountancy	1,175
	3,211

NOTES TO THE ACCOUNTS
Period ended 30 June 2010

4. RESERVES

	Funds brought forward	Income	Expenditure	Funds carried forward
	£	£	£	£
Unrestricted Funds	-	52,975	(19,808)	33,166
Restricted Funds	-	5,000	-	5,000
TOTAL FUNDS	**-**	**57,975**	**(19,808)**	**38,166**

5. TRUSTEE EXPENSES

As part of the charity set-up a trustee incurred expenses totalling £2,283. These amounts will be re-imbursed once income raised exceeds £250,000.