Overseas
Development
Institute

Annual Report and Financial Statements

31 March 2015

Company Limited by Guarantee, registration number 661818 (England and Wales)

Charity registration number: 228248

OVERSEAS DEVELOPMENT INSTITUTE
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2015

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Reference and Administrative Information

OVERSEAS DEVELOPMENT INSTITUTE
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YEAR ENDED 31 MARCH 2015

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ODI Company registration number	661818 (England and Wales)
ODI Sales Ltd Company registration number	7157505 (England and Wales)
Charity registration number	228248
Auditor	haysmacintyre 26 Red Lion Square London WC1R 4AG
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Objectives and Activities

Charitable Objects and Mission

The Institute's primary object, as set out in our Memorandum, is to promote the study and discussion of and the exchange of information upon the economic and social development of nations, and the influence thereon of various policies, actions and institutions. This primary object is reflected by ODI's mission statement: to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries.

ODI aims to achieve its object and mission by locking together high quality applied research, practical policy advice, and policy-focused dissemination and debate. To do this, we work with partners in the public and private sectors, in both developing and developed countries.

Our strategic priorities

Our strategic priorities reflect the changing context in which ODI works, focusing on areas where we are well-placed to identify practical, evidence-based solutions to real problems and to inform the wider policy dialogue. The aim is to maximise the impact of our resources at every level. We will mobilise the full and combined weight of our research, communication and convening capabilities around these priorities, working with others to make a difference.

Everything we do, from research to policy guidance, and from convening to communications, is based on the five pillars of our strategy, launched in 2014:

1. **Leave no-one behind:** Eradicating absolute poverty and equalising opportunity
2. **Building sustainable futures**: Promoting effective action on climate change and managing resource scarcity
3. **Saving lives, reducing vulnerability:** Protecting people threatened by conflict, disasters and insecurity
4. **Effective institutions, engaged citizens:** Building accountable and inclusive institutions
5. **Transformative growth:** Increasing productivity and creating jobs

Our Activities in 2014/15

ODI works across a wide range of sectors that have a direct impact on the well-being of the poorest people in developing countries. We have 12 core research programmes:

- Agricultural Development and Policy (ADP);
- The Centre for Aid and Public Expenditure (CAPE);

- Climate and Environment Programme (CEP);
- Growth, Poverty and Inequality Programme (GPIP);
- Humanitarian Policy Group (HPG);
- International Economic Development Group (IEDG);
- Politics and Governance (POGO);
- Private Sector and Markets (PSM);
- Research and Policy in Development (RAPID);
- Social Development (SOCDEV);
- Social Protection (SOCPRO); and
- Water Policy Programme (WPP).

Each research programme undertakes a variety of projects every year that focus on their specific areas of expertise. Some larger pieces of work also cut across programmes, drawing on the knowledge and skills of a range of research teams.

In addition to these core programmes, ODI hosts important networks, including the Humanitarian Practice Network (HPN) and the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP).

The ODI Fellowship Scheme has given postgraduate economists an opportunity to work in the public sectors of developing countries since 1963. As of 31 March 2015, there are 104 Fellows in post.

Public Benefit

In setting the objectives above and planning the activities of ODI, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Examples of our activities undertaken can be found in the Strategic Report.

Structure, Governance and Management

ODI is an independent think tank with more than 220 staff, including researchers, communicators and specialist support staff.

Group constitution

ODI was founded in 1960 and is a charitable company limited by guarantee. The Charity has a wholly owned trading subsidiary, ODI Sales Limited, which was set up to allow the Charity to continue to operate exclusively in non-business activity, as defined by HMRC with respect to VAT. The object of the company is to generate income for the objects of the Charity. ODI Sales Limited has a Board of four Directors, two of whom are Trustees for the Charity, one of whom is independent, and one a staff member. Both the Charity and the trading subsidiary have a Memorandum and Articles of Association as their governing documents.

The Board of Trustees

The Institute is governed by a Board of up to 12 Trustees, chaired by James Cameron.

The terms of reference for the Board are to maintain the values of the organisation and set the overall strategy and direction. It monitors the performance of the Institute and its management, and appoints the Director.

Trustee recruitment and training

Trustees can serve for up to three terms of three years on the Board. ODI aims to maintain a balance amongst the Trustees to include research, academic, business and political expertise and knowledge, as well as a gender balance. Trustees are both Charity Trustees and Directors under company law. In order to maintain an effective Board with the appropriate skills and experience, the trustees undertake a regular skills evaluation.

The Board is self-appointing. When elected, Trustees are provided with a Trustee Pack with information on the constitution, annual cycle, various relevant terms of reference, job descriptions of senior staff, business and strategic plans, accounts, relevant internal policies and references to relevant laws, regulations and sources of information. They are also given a detailed induction.

Members' liability

The Members of the charitable company comprise the Trustees. In the event of the Charity being wound up, the current Trustees, and those who had left the Board in the previous year, are required to contribute an amount not exceeding £1 (as ODI is a company limited by guarantee). The Institute's insurance policies indemnify Trustees up to £1 million.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the affairs of the group; the incoming resources and their application, including the income and expenditure of the group. In preparing these financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently;
- observed the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities);
- made judgements and estimates that are reasonable and prudent; and
- noted that applicable UK Accounting Standards have been followed and any material departures disclosed and explained in the financial statements, and prepared the financial statements on the going concern basis.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that, so far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information. This confirmation should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are also responsible for the maintenance and integrity of the Charity and financial information included on the ODI website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Organisational Structure and Reporting

The Board meets formally four times a year and is responsible for strategy, reviewing progress against business and strategic plans, results versus the budget, the final income and expenditure for the year, new or amended policy, risk management and other applicable current projects. Its role is to direct and guide management. They also meet informally at least once each year.

The Board also has the following sub-committees:

- Finance Audit and Risk Committee, which meets four times a year in advance of each Board meeting;

- The Reward and Remuneration Committee, which meets at least once a year; and
- The Nominations Committee, which meets once or twice a year depending on requirements.

When necessary, the Trustees ask management to seek professional advice from appropriate advisors. A certain level of authority is delegated to the Executive Director via the organisation's Statement of Delegated Authority.

Management is responsible for the day to day running of the Institute, the implementation of policy and ensuring that goals and objectives are attained. The Executive Director, Kevin Watkins, is supported by a Senior Management Team (SMT) of nine others. The role of the SMT is to provide strategic leadership of the Institute. This involves:

- developing the strategic vision and the annual business plans with the Board and in line with the Institute's mission, and ensuring that progress is monitored;
- maximising the strengths and capacity of the organisation and overseeing the delivery of value for money;
- managing reputation, risk and change – again with the Board; and
- taking strategic decisions on research programmes, fundraising, public affairs, finance, human resources, IT and premises.

The Heads of Programmes and Departments are an important component of the Institute's management framework. Heads of Programmes are at the forefront of ODI's mission and business and are responsible for much of the Institute's direct fundraising, research and advisory support and line management of research staff.

Achievements and Performance in 2014/15

ODI is now one year into its forward-looking strategy (Rising to the Global Challenge – Going to the Next Level of Impact, 2014-2017). The strategy sets out the high-level goals for ODI over the period, the major directions of organisational change, and the significant action areas that would need to be dealt with.

Developments over the past year have amplified some of the stress points identified in our strategy. The Ebola crisis in West Africa has served to underscore the fragility and reversibility of development gains. Conflict and insecurity represent a growing threat. The rise of ISIS and the activities of Boko Haram have created new challenges, for development, gender equity, and security both domestically and transnationally. One example of ODI responding to these emerging challenges is in our work investigating the impact of 'anti-terror' legislation on financing for humanitarian delivery. Looking to the future, we must consider the development of a wider public-goods research stream that addresses the wider global challenges associated with emerging conflicts, including cross-border crime, human trafficking, and force migration.

Other developments will have ongoing implications for our work. The outcome of the 2015 summits on the SDGs, development financing and climate change and the (early 2016) humanitarian summit will have a major bearing on our priorities. These are all high stakes events for international development. Working collectively across ODI we shall seek to inform and influence the summits, using our research, convening and communications capabilities.

Strategic priority 01: Leave no-one behind

It's clear that the ambitious Sustainable Development Goal of ending poverty cannot be achieved unless inequality is tackled. Despite rapid progress over the past two decades, the challenge in the coming years will be to deliver basic services to those who are the hardest to reach and enable their escape from poverty.

In 2014/15, ODI has been investigating how poverty eradication can be achieved by harnessing the data revolution. At present, a chronic lack of timely and reliable data makes it hard to gauge the impact of policies in key development areas, such as poverty reduction and maternal mortality. With our partners, we convened the first workshop for data experts on this issue in July 2014, 'Towards a Strategy for the Data Revolution'. In addition, the Director of ODI's Poverty and Inequality programme, Claire Melamed, was seconded to the UN to lead the preparation of the November 2014 report to the Secretary-General: *A World That Counts: Mobilising the Data Revolution for Sustainable Development.* The positive reaction to this report means that ODI will continue to develop its research in this important area.

ODI has also been contributing to a sharper international focus on women and girls. At the UK Government's 'Global Summit to End Sexual Violence in Conflict' in June, we presented our paper *The fallout of rape as a weapon of war.* This was accompanied by extensive media work, with coverage on the BBC, *The Times* and in African media. At the 'Girl Summit' in July, sponsored by the UK Government and UNICEF, we shared our paper *Unhappily ever after* on the fight against early marriage, spelling out why such marriages persist despite international treaties and national legislation. Our Ugandan partners brought this issue home to those attending the Summit, when they spoke about the distressingly high levels of child marriage in their country. As a result of our research, ODI's research partner at Makerere University has been asked to take the lead on the development of Uganda's National Child Marriage Strategy.

With funding from the European Union (EU) and the Australian Department of Foreign Affairs and Trade, we are analysing ways to strengthen social protection programmes for informal workers to support poverty reduction and social inclusion. Our findings suggest that these programmes can support inclusion, but only if they are specifically designed to do so. As a result of this work, UNICEF Nepal is advocating for an increase in Nepal's Child Grant and has asked ODI to assess the impact of the grant on Dalit children.

We have zoomed in on the finance that is so crucial for the achievement of future development goals. In March 2015, our 'Financing the future' event in Accra, Ghana, brought together around 200 key stakeholders to debate the future role of international public finance in funding the SDGs – a prelude to the July 2015 'Financing for Development' summit in Addis Ababa. Our proposals on a basic social compact to guarantee social and public services for all is proving influential in the run-up to Addis among governments, NGOs and wider society.

Strategic priority 02: Building sustainable futures

ODI has been at the forefront of debates on fossil fuel production subsidies, the concept of 'zero emissions, zero poverty' and disaster-risk reduction, as well as climate finance, over the past year.

Our report *The fossil fuel bailout*, produced in partnership with Oil Change International, revealed that the G20 countries still spend US$88 billion every year on oil, gas and coal exploration subsidies – more than double the amount invested by the oil and gas companies themselves – undermining global efforts to reduce emissions. The report was launched just ahead of the G20 meeting in Brisbane in November 2014, securing a front-page article in *The Guardian*, recognition on the United Nations Framework Convention on Climate Change (UNFCCC) website, and an endorsement from leading economists, including Professor Jeffrey Sachs.

In March 2015, ODI was prominent at the World Conference on Disaster Risk Reduction in Sendai, Japan, which aimed to create a new framework to address natural disasters. Although the outcome was not as strong as hoped, ODI researchers influenced the final document on governance, conflict, targets, science and monitoring. After a marathon negotiating session, governments set targets to reduce deaths and economic losses caused by disasters. We are now exploring how this new framework can be made operational to build the resilience of communities against disasters.

The devastation caused by the 2015 Nepal earthquake highlights the importance of local solutions to strengthen community resilience. Since becoming a member of 'Earthquakes without Frontiers' in 2012, ODI has been supporting communities in China, Kazakhstan and Nepal to better protect themselves against earthquakes. This unique five-year partnership, funded by UK Research Councils, includes earth scientists specialising in earthquake hazard, social scientists focusing on community resilience, and research-to-policy experts. In 2014, we brought together scientists and key players in China's earthquake policy and community-based work, including government agencies, local NGOs and academia, for a series of meetings and workshops in Beijing and Xi'an, to help translate policy into practice.

In March 2015, ODI and the World Resources Institute convened the 'Making progress on climate finance' workshop, looking at ways to mobilise climate finance and secure a strong agreement at the Paris Climate Summit in December. The workshop, attended by UNFCCC negotiators and representatives from governments, leading think tanks, research institutions and NGOs, created an online community and pledged to maintain the pressure for a solid climate agreement.

ODI is increasingly involved in the debate on climate-smart agriculture, testing the concept of 'triple wins' of adaptation, mitigation and development by looking at the experience of programmes in this area. This will become an increasing focus as greater efforts are made to mainstream climate change and allocate climate finance for specific sectors, including agriculture.

Strategic priority 03: Saving lives, reducing vulnerability

From conflict in Syria to the impact of Typhoon Haiyan in the Philippines, the past year has demonstrated, once again, the human toll of emergencies and the fault-lines in today's humanitarian system. It is clear that the international community must move fast to build better responses to humanitarian crises.

ODI has reinforced the case for more effective humanitarian operations in 2014–2015, flagging up the importance of regional approaches to the crises that so often cross national borders – as seen so vividly and recently in the Middle East. We have highlighted a stronger role for the private sector and have reviewed the impact of counterterrorism and money laundering legislation on humanitarian action.

Our conference on 'Regional humanitarianism in action', in Dubai in February 2015, was the first to bring together major regional organisations to discuss how they can do more to respond to crises worldwide. This meeting has led to the development of an inter-regional humanitarian network. It's hoped that this will, in turn, influence regional organisations that are increasingly on the front-line of the response to humanitarian disasters, including the African Union, the Association of Southeast Asian Nations, the EU and the Organisation of Islamic Cooperation.

ODI has been closing the gap between businesses eager to work on humanitarian issues and NGOs eager to work with the private sector, given the sector's ability to provide aid, supply goods and donate funds. Our July 2014 report, *Humanitarian crises, emergency preparedness and response: the role of business and the private sector*, set out the sector's current involvement in humanitarian action and a new business case for their more effective involvement in the future. This work has fuelled the creation of new groups and initiatives focused on the private sector within such organisations as the World Economic Forum and the UN Office for the Coordination of Humanitarian Affairs.

We have also been investigating the tensions between UK legislation on terrorism and money laundering and humanitarian action – particularly in areas controlled by proscribed groups. Our March 2015 report, *UK humanitarian aid in the age of counterterrorism: perceptions and reality*, has revealed the impact on UK charities, including the criminalisation of essential humanitarian operations and the blocking of donations by banks amid fears that the money will fund terrorism. The research urges government action to give banks clear guidance and create a permanent committee to assess the problem and find solutions. Our work is already influencing how charities operate and is spurring more open debate on this difficult issue. Next steps include meeting with banks on how to ensure that charitable donations reach those who need them.

Strategic priority 04: Effective institutions, engaged citizens

ODI has continued to pioneer new thinking and action on how institutions actually work. This matters, given their importance for development, as it is through institutions that citizens hold their governments to account, claim their rights and access basic services.

We focus on how institutions can do better for the poorest people – an ambition that will often require them to work very differently. Highlights have included our co-convening of the 'Doing Development Differently' (DDD) network and our flagship report, *Adapting development: improving services to the poor*.

Our DDD workshop with researchers from Harvard University in October 2014 showcased examples of development initiatives that have succeeded by working in ways that differ from most development practice. This led to the DDD manifesto, setting out principles for 'working differently', and endorsed by hundreds of signatories from 60 countries. *Adapting Development*, published in February 2015 and downloaded over 3,000 times in its first month, analyses what working differently means for the delivery of better services to the poor. It argues that business-as-usual methods will take decades – if not longer – to bring basic services of adequate quality to the world's most disadvantaged people. The report was accompanied by a short film showing how local activists in the Philippines made it possible – against the odds – for ordinary people to own the land they had lived on for generations. The project continues to generate a stream of interest from leading commentators, the media and international agencies.

ODI continues to lead research and policy engagement on African politics. The Developmental Regimes in Africa project's synthesis report, published in February 2015, found that many African countries have experienced sustained economic growth, but few have embarked on the structural change that has transformed living standards in parts of Asia. The findings of over six years of research, presented at international events in Addis Ababa and Kigali, highlighted that differences in outcomes across countries do not necessarily relate to compliance with standard criteria of good governance – contradicting an assumption widely promoted by development agencies. The differences among regimes cut across conventional distinctions between democratic and non-democratic, or more and less 'patrimonial' types.

We are also prominent on the European stage. In September 2014, we produced *Our Collective Interest* in partnership with the German Development Institute, European Centre for Development Policy Management, and Fundación para las Relaciones Internacionales y el Diálogo Exterior. The report argues for a new and broader European development agenda with strong links to internal EU policy, and more collective action and problem-solving. These messages were taken up by the President of the European Commission, Members of the European Parliament, the Ministry of the High Representative for Foreign Affairs and Security Policy and the Development Commissioner.

In June 2014, we published the RAPID Outcome Mapping Approach (ROMA) guide to maximising policy engagement and influence. The result of over 10 years of research and advice on achieving sustainable policy change, the guide has attracted interest from global development organisations and has already been translated into Arabic, French and Indonesian. Responses to the ROMA guide have included 'This is quite a milestone!' from the Netherlands Organisation for Scientific Research and 'Marvellous! A triumph! Fabulous! Unputdownable', from Natural England. In 2015, we are working with the UN's Food and Agriculture Organization, the International Fund for Agricultural Development and the International Labour Organization, to embed the ROMA principles in their programmes.

Strategic priority 05: Transformative growth

Economic growth is a powerful driver of poverty reduction and development: without growth, countries cannot build shared prosperity. Growth alone, however, is not enough. What is needed is transformative growth that raises productivity, generates jobs, develops skills and builds inclusive societies.

Over the past year, ODI has developed a research programme on Structural Economic Transformation to guide UK Department for International Development (DFID) country offices, governments, donors and the private sector on economic transformation in developing countries. In particular, we support the Government of Nepal and DFID in Nigeria and Kenya in their thinking on economic transformation.

In February 2015, as part of our work to increase the impact of the DFID-Economic and Social Research Council Growth Research Programme, we co-hosted a high-level workshop in Dar es Salaam with the local think tank Research on Poverty Alleviation (REPOA). The event brought local and international players together to discuss economic transformation in Tanzania, with Professor Benno Ndulu, Governor of the Central Bank of Tanzania, giving the keynote speech. The event received good local and regional media coverage in English and Swahili, and was even picked up in the Chinese press.

There is growing interest in issues around youth employment and we have expanded our work on this area over the past year, particularly in Africa, which has the world's youngest population. We are also participating in the research component of a six-year learning partnership with the MasterCard Foundation on its Economic Opportunities for Youth programme. This work focuses particularly on youth opportunities in agriculture and construction and will be carried out in Ghana and Uganda. Our work on social enterprise has also widened this year, with research on the policy environment and enterprise landscape in Bangladesh, Ghana, India and the Philippines.

ODI has been analysing how to achieve synergies between social protection and economic development. Our findings suggest that it is vital to get the design of social protection programmes right at the most basic level, rather than adding multiple elements later on, and to support secure jobs. These findings were presented at the international 'Graduation and Social Protection Conference' in Kigali, Rwanda, organised by the Institute of Development Studies and the Government of Rwanda in May 2014, attended by donor agencies and social protection staff from many countries.

We have provided swift and topical analysis for policy-makers. Our report *The development implications of the fracking revolution*, for example, revealed that China could reduce its gas imports by up to 40%, with knock-on and negative effects for the world's poorest exporters. Our research on sovereign bonds drew a strong response. The briefing paper *Sub-Saharan Africa international sovereign bonds* highlighted the risks of the irresponsible use of sovereign bonds, which could lead to boom-and-bust cycles that can devastate economies. Our two-part study, looking first at the risks and second at the role of sovereign bond issuers and investors, was published in January 2015, just before another round of sovereign bonds was issued by key African countries. The work attracted major media attention, featuring in the *Financial Times* and BBC's Focus on Africa, among others, and led to follow-up with key African central banks and finance ministries. As a result, ODI was invited to present its findings to the African Center for Economic Transformation in Ghana.

Plans for future periods

Looking to the future, we must also consider the development of a wider public-goods research stream that addresses the broad global challenges associated with emerging conflicts, including cross-border crime, human trafficking, and forced migration. Urbanisation and migration more widely are also likely to come to the fore as potential new streams of cross-programmatic research.

The realities of global interdependence in a multi-polar world economy dictate that many of the most pressing development challenges in areas such as financing, trade, climate change and migration can only be addressed on a multilateral basis. Beneath the global level, progress in development hinges on government action, private investment, and the interaction between states and citizens. The political economy of change starts at the local and the national levels, but without a recognised presence in developing countries, ODI will struggle to have an impact. As such, we plan to expand our partnership network, establish an international advisory panel to expand our reach, and seek to play a role in ensuring that UK and EU approaches to development are informed by engagement with southern actors.

The outcome of the 2015 summits on the SDGs, development financing and climate change and the (early 2016) humanitarian summit will all have a major bearing on our priorities and international development as a whole, and there is an enormous opportunity to work collectively across ODI to inform and influence the summits using our research, convening and communications capabilities.

Financial and Operational Performance

2014/15 has been another year of rising income for ODI as the institute has continued to attract new and major partners. We have also re-organised our management structure to better respond to today's development challenges. With the right resources in place and a strong new structure, we are in good shape for the coming years.

Growing and diversifying our income

As a result of determined efforts to expand and diversify our donor base, ODI's turnover has risen for the fourth year in a row: from £18.5 million in 2011/12 to £34.7 million in 2014/15. We continued to work with long-standing, valued partners such as DFID. For example, we have begun two new major UK-government funded programmes – one on Building Resilience and Adapting to Climate Change and Disasters and the other on structural economic transformation. We have built new funding relationships with the Rockefeller Institute and the World Resources Institute over the past year, while reinforcing our existing links with, for example, the Bill & Melinda Gates Foundation and Australia's Department of Foreign Affairs and Trade. We have also received significant funding from the MasterCard Foundation and the Africa Progress Panel and new funding from BNP Paribas and Prudential. We are grateful to all our funders, who enable us to deliver the valuable work detailed on the earlier pages of this review.

A new structure for a new era

In line with the overall strategy introduced last year, our reinforced management structure aims to strengthen our institutional leadership and quality. Research clusters have been created, drawing our research programmes together under a simplified management system, with five Directors of Research Groups now sitting on an expanded SMT. The aim is to guarantee that ODI delivers as one, making the best possible use of our range of expertise to inform and influence a development agenda that is increasingly complex and interconnected. Looking ahead, we will find ways to ensure our everyday business practices are as good as they can be, so that we achieve the maximum value for the partners who fund us and ensure every pound goes towards eradicating poverty.

Reserves policy

The Trustees reviewed the target for unrestricted general reserves during 2014/15 to determine the level that would be appropriate for the organisation. The purpose of holding such reserves is to enable ODI better to manage and respond to risk. An independent consultant was engaged to undertake a review based on risk and the potential impact of a major incident.

The creation and maintenance of such reserves fulfil an important element of Trustees' responsibilities towards the Charity's stakeholders and, therefore, balance the needs of current and future beneficiaries. As a result of this review, the trustees agreed that ODI should aim for a target level for free unrestricted reserves of £4m to be achieved within four years. This target excludes any designated funds.

ODI has a designated fund that represents the net book value of the tangible fixed assets held by the Charity. These assets are of fundamental importance to the Charity in carrying out its objectives, and cannot be realised with ease in order to meet ongoing expenditure.

As at 31 March 2015 ODI held unrestricted reserves of £4.9m, of which £1.2m is held within the designated tangible fixed asset fund, leaving £3.7m free reserves. The organisation is now one year into a five year plan to generate sufficient unrestricted funds to meet the target.

Investment policy

The Institute's investments are managed by Veritas Investment Limited. The funds are held in a variety of market investments and are being managed in accordance with the risk, liquidity and ethical requirements of ODI. As at the 31 March 2015 the investment portfolio was valued at £1.8m, representing an unrealised gain of £64k. Investment performance is regularly reviewed by the trustees and monitored against a benchmark annual return of CPI + 3%. Further details of the investments can be found in note 12 to the financial statements.

Principal Risks and Uncertainties

The Trustees undertake a full risk assessment on an annual basis and monitor progress quarterly. This process is supported by the Finance, Audit and Risk Committee of the Board, who assess risk in detail at each of their quarterly meetings. The aim is to identify the major risks to the Institute and to ensure that measures are taken to mitigate the impact of these risks as far as is practical. The internal risk-management processes are integrated into the annual business planning and reporting cycle, which has enabled improved decision-making by the Board. The key risks identified by the Board during 2014/15 were:

- **Strategic** – there is a risk that continuing changes in the external funding environment will make it more difficult for ODI to deliver its mission. We continue to mitigate this risk by working to diversify our income wherever possible and seek out new audiences and partnerships. We have also implemented a programme reinvestment scheme to allow research teams to invest in innovative new lines of research that might not otherwise be funded.

- **Capacity** – while failure to attract and retain quality human resources is always a potential risk for ODI, the Board currently assess the likelihood of this risk occurring as low. We are working with the HR team to put in place procedures and structures that will allow us to diversify our staffing base and draw in more in-country expertise.

- **Operational delivery** – risks around operational delivery include threats to traveller safety and the possible financial and reputational impacts of the failure of a major high profile contract. Travel security remains fundamental to our operations and our systems for ensuring the safety of those who travel are robust; incorporating traveller tracking, alert services, training prior to high risk travel and full security inductions. Contract management and quarterly financial review processes have also been developed considerably to allow the early identification of potential issues.

- **Funding environment** – Increasingly challenging commercial procurement practices and contractual terms are placing pressure on ODI's ability to recover the costs of and invest in its core infrastructure. ODI is working to mitigate this by increasing efficiency and generating new business propositions.

- **Resilience** – following the implementation of a new finance system last year, financial resilience and liquidity have been monitored and progress on mitigation efforts has been good. ODI has also instituted a new reserves policy, and an overdraft facility. The Trustees have assessed the likelihood of this risk presenting a problem as low.

*Trustees Report and Strategic Report s*igned on behalf the Board:

James Cameron, Chair

Approved by the Board on 27 July 2015

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OVERSEAS DEVELOPMENT INSTITUTE

We have audited the financial statements of Overseas Development Institute for the year ended 31 March 2015 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

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.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Trustees' Annual Report incorporating the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company and group have not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Murtaza Jessa (Senior Statutory Auditor)

for and on behalf of

haysmacintyre
Statutory Auditors
26 Red Lion Square
London
WC1R 4AG

Date: 27 July 2015

haysmacintyre are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Overseas Development Institute

Consolidated Statement of Financial Activities (including income and expenditure account)

for the year ended 31 March 2015

	Notes	Unrestricted funds £'000	Restricted funds £'000	**Total funds 2015 £'000**	Total funds 2014 £'000
Income and expenditure					
Incoming resources					
Incoming resources from charitable activities:					
Research and Fellowship scheme	2	505	31,633	**32,138**	26,503
Incoming resources from generated funds:					
Investment income		33	-	**33**	11
Income from trading subsidiary	3	2,613	-	**2,613**	2,026
Other income		4	-	**4**	1
Total incoming resources		3,155	31,633	**34,788**	28,541
Resources expended					
Charitable activities					
Research and Fellowship scheme	4	525	26,666	**27,191**	25,240
Cost of generating funds					
Resources expended by trading subsidiary	7	1,693	-	**1,693**	1,415
Governance costs	5	38	-	**38**	37
Total resources expended		2,256	26,666	**28,922**	26,692
Net incoming resources before transfers and net investment		899	4,967	**5,866**	1,849
Transfers between funds	16	-	-	**-**	-
Net (expenditure) income		899	4,967	**5,866**	1,849
Net realised and unrealised gains (losses) on revaluation and disposal of investments	12	64	-	64	(57)
Net movement in funds	9	963	4,967	**5,930**	1,792
Balances brought forward at 1 April 2014		3,904	2,180	**6,084**	4,292
Balances carried forward at 31 March 2015		4,867	7,147	**12,014**	6,084

All of the results in the consolidated statement of financial activities are derived from continuing activities. There were no other recognised gains or losses other than those stated above. The notes on pages 23 to 36 form part of these financial statements.

Overseas Development Institute
Balance sheet
at 31 March 2015

	Notes	**Charity 2015 £'000**	**Group 2015 £'000**	Charity 2014 £'000	Group 2014 £'000
Fixed assets					
Tangible assets	11	**1,186**	**1,186**	1,391	1,391
Investments	12	**1,846**	**1,846**	-	-
		3,032	**3,032**	1,391	1,391
Current assets					
Debtors	13	**9,893**	**8,688**	8,590	7,946
Short-term deposits		**1,845**	**1,845**	2,202	2,202
Cash at bank and in hand		**2,409**	**3,947**	1,326	2,162
		14,147	**14,480**	12,118	12,310
Creditors					
amounts falling due within one year	14	**(5,165)**	**(5,498)**	(7,425)	(7,617)
Net current assets		**8,982**	**8,982**	4,693	4,693
Total net assets		**12,014**	**12,014**	6,084	6,084
Represented by:					
Funds and reserves					
Income funds					
Unrestricted funds					
Tangible fixed assets fund	15	**1,186**	**1,186**	1,391	1,391
General funds		**3,681**	**3,681**	2,513	2,513
		4,867	**4,867**	3,904	3,904
Restricted Funds	15	**7,147**	**7,147**	2,180	2,180
		12,014	**12,014**	6,084	6,084

The notes on page 23 onwards form part of these financial statements.
Approved by the Board of Trustees on 27 July 2015 and signed on their behalf by:

James Cameron, Chairman

Company Registration Number: 661818 (England & Wales)

Overseas Development Institute
Consolidated cash flow statement
for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	A	**3,248**	66
Returns on investments and servicing of finance			
Interest received		**33**	11
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(71)**	(179)
Proceeds from sale of investments		**-**	1,764
Purchase of investments		**(1,782)**	-
Management of liquid resources			
Short-term deposits		**357**	(987)
Increase / (decrease) in cash	B	**1,785**	675

Notes to consolidated cash flow statement

A. Adjustment of net incoming resources before transfers and net investment gains to net cash inflow from operating activities	2015 £'000	2014 £'000
Net incoming resources before transfers and net investment gains	**5,866**	1,849
Depreciation	**276**	265
Interest receivable	**(33)**	(11)
Increase in debtors	**(742)**	(1,488)
Decrease in creditors	**(2,119)**	(549)
Net cash inflow from operating activities	**3,248**	66

B. Analysis of changes in net funds	At 1 Apr 2014 £'000	Cash flows £'000	**At 31 Mar 2015** £'000
Short-term deposits	2,202	(357)	**1,845**
Cash at bank and in hand	2,162	1,785	**3,947**
	4,364	1,428	**5,792**

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) have been followed in these financial statements.

Basis of consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, ODI Sales Limited, on a line by line basis. A separate statement of financial activities is not prepared by the Charity itself following the exemption afforded by section 408 of the Companies Act 2006 and the note in paragraph 397 of SORP 2005. In the year under review, the charity made a surplus of £5,930,952 (2014: £1,798,840).

Incoming resources

Incoming resources are recognised when the Charity becomes entitled to the income and the amount can be measured with reasonable certainty.

Incoming resources receivable under contract for services are recognised to the extent that the relevant work has been performed. Income received in advance of work performed is deferred.

Grant income is recognised in full when the Charity becomes entitled to the income unless it is a performance-related-grant relating to a future period.

Investment and other income is recognised when receivable.

Resources expended and the basis of apportioning costs

Resources expended comprise the following:

a) The cost of generating funds comprises the expenditure on commercial trading operations.
b) The costs of charitable activities comprise expenditure on the Charity's primary charitable purposes, namely:
   - Research and dissemination of information
   - Fellowship activities and services.

   The majority of costs are directly attributable to specific activities. Certain shared support costs are apportioned to charitable activities on the basis of the number of staff members employed by each activity.
c) Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
d) Support costs include the central office functions such as general management ,finance, information technology, human resources and establishment & facilities.

Tangible fixed assets

All assets with a cost of more than £3,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates, on a straight-line basis, in order to write off all other assets over their estimated useful lives:

Leasehold improvements	- over the remaining years of the lease
Furniture, fixtures and fittings	- 20% on cost
Equipment	- 33.33% on cost
Computer software	- 33.33% on cost

1 Principal accounting policies (continued)

Fixed asset investments

Fixed asset listed investments are included in the financial statements at their market value as at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

The investment in the subsidiary undertaking, ODI Sales Limited, is stated at cost.

Fund accounting

Restricted Funds are used in line with the specific purposes laid down by the donor. Expenditure supporting those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds, which have been designated for specific purposes by the Trustees. The tangible fixed assets fund represents the net book value of the Charity's tangible fixed assets.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the lease term.

Pension costs

Contributions in respect of defined benefit pension schemes are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.

The Institute participates in the Universities Superannuation Scheme ("USS"), a defined benefit scheme which is contracted out of the State Second Pension ("S2P"). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The Institute is therefore exposed to actuarial risks associated with other instutions' employees and is unable to identify its share of the underlying assets and liabiities of the scheme on a consistent basis and therefore, as required by FRS17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Liquid resources

Liquid resources comprise term deposits with banks registered in the United Kingdom.

2 Research and Fellowship Scheme

Research grants and project finance receivable during the year are broken down by programme as follows:

Research and Fellowship Scheme	**2015** **£'000**	2014 £'000
Research grants & Project Finance	**30,613**	25,012
Fellowship scheme	**4,101**	3,504
Group research grants and project finance receivable	**34,714**	**28,516**
ODI Sales Limited research grants and project finance receivable (note 3)	**(2,576)**	(2,013)
Charity research grants and project finance receivable	**32,138**	26,503

Notable research grants during the year included:		**2015** **£**
DFID London	Accountable Grant	2,202,599
DFID South Sudan	Budget Strengthening Initiative	1,304,678
DFID Glasgow - Main	Budget Strengthening Initiative	1,081,693
Swedish International Development Co-operation Agency	Budget Strengthening Initiative	745,874
DFID Glasgow - CHASE	Budget Strengthening Initiative	300,000
DFID Glasgow	Secure Livelihoods Research Consortium	1,385,790
Irish Aid	Secure Livelihoods Research Consortium	157,196
Office of US Foreign Disaster Assistance (USAID)	Active Learning Network for Accountability and Performance	512,462
Swedish International Development Co-operation Agency	Active Learning Network for Accountability and Performance	291,848
Department of Foreign Affairs & Trade Australia	Active Learning Network for Accountability and Performance	115,893
Irish Aid	Active Learning Network for Accountability and Performance	77,964
Ministry of Foreign Affairs Norway	Active Learning Network for Accountability and Performance	41,237
Canadian International Development Agency	Active Learning Network for Accountability and Performance	32,691
Ministry of Foreign Affairs Denmark	Active Learning Network for Accountability and Performance	28,937
Enhancing Learning & Research for Humanitarian Assistance	Active Learning Network for Accountability and Performance	28,119
United Nations High Commission for Refugeees	Active Learning Network for Accountability and Performance	10,300
European Union	European Report on Development	303,485
Swedish International Development Co-operation Agency	Development Finance Flagship Event	206,146
Office of US Foreign Disaster Assistance (USAID)	HPG Integrated Programme Support	168,682
Swedish International Development Co-operation Agency	HPG Integrated Programme Support	155,699
Ministry of Foreign Affairs Norway	HPG Integrated Programme Support	145,970
Department of Foreign Affairs & Trade Australia	HPG Integrated Programme Support	137,758
Department of Foreign Affairs Trade & Development Canada	HPG Integrated Programme Support	110,803

2 Research and Fellowship Scheme (continued)

Notable research grants (continued):		2015 £
Ministry of Foreign Affairs Netherlands	HPG Integrated Programme Support	100,000
Irish Aid	HPG Integrated Programme Support	98,247
Swiss Department of Foreign Affairs	HPG Integrated Programme Support	98,451
Oxfam	HPG Integrated Programme Support	15,000
British Red Cross	HPG Integrated Programme Support	10,000
World Vision International	HPG Integrated Programme Support	6,642
IRC UK	HPG Integrated Programme Support	1,000
DFID London	Targets and Indicators	98,293
Office of US Foreign Disaster Assistance (USAID)	Regional Humantiarism Conference	86,164
Groupe URD	Regional Humantiarism Conference	37,919
DFID London	Supporting Economic Transformations	40,514
DFID Glasgow	Rapid Evidence Assessments: urbanization and development	33,350
Swiss Federal Department of Foreign Affairs	DRR Institutions Post 2015	31,070
Department of Foreign Affairs & Trade Australia	Improving the effectiveness of development financing	27,551
DfID London	Disaster Risk Reduction review	20,000
GIZ	Response to the Ebola Crisis in West Africa	17,420
GIZ	Disaster Risk Reduction review	16,061
DFID Glasgow	Links between economics and conflict in the OPT's	7,092

The following were received in prior years and the amount shown below was recognised as income in the current year:

		2015 £
Ministry of Foreign Affairs Denmark	HPG Integrated Programme Support	114,670
Ministry of Foreign Affairs Denmark	Budget Strengthening Initiative	87,012

3 Income from Trading Subsiduary

The Charity has a wholly owned subsidiary, ODI Sales Limited, which is incorporated in the UK for the purposes of generating income for the charitable purposes of the Charity. A summary of the full trading result of the company is shown in note 7 to the accounts but a breakdown of the research income of ODI Sales Limited is provided below:

Income from Trading Subsiduary	2015 £'000	2014 £'000
Research grants and project finance	**2,576**	2,013
Publications and other income	**37**	13
Total Income from Trading Subsiduary	**2,613**	2,026

4 Resources Expended

a) Research and dissemination	2015 £'000	2014 £'000
Direct project costs		
Staff costs (note 8)	**9,202**	7,895
Temporary staff	**206**	66
Research fees payable to consultants and related costs	**5,425**	5,828
Fellowship Scheme supplementation award costs	**2,116**	1,949
Knowledge exchange and dissemination	**3,305**	2,347
Travel	**1,955**	1,822
Other costs	**1,152**	1,127
	23,361	21,034
Support costs (note 6)	**5,523**	5,621
Group research and fellowship costs	**28,884**	26,655
ODI Sales Limited research costs	**(1,693)**	(1,415)
Charity research and dissemination of information costs	**27,191**	25,240

5 Governance Costs

	2015 £'000	2014 £'000
Auditor's remuneration	**18**	20
Legal fees	**9**	4
Other costs	**11**	13
	38	37

6 Support Costs

	2015 £'000	2014 £'000
Staff costs (note 8)	**2,291**	2,173
Staff overheads	**691**	722
Premises	**1,111**	1,133
Depreciation	**276**	264
Other costs	**1,154**	1,329
	5,523	5,621

7 ODI Sales Limited

The Overseas Development Institute owns the entire called up share capital of ODI Sales Limited, a trading company registered in England and Wales, Company Registration Number 7157505, incorporated on 15 February 2010. A summary of the trading results of ODI Sales Limited for the year ended 31 March 2015 are given below. All taxable profits each year are transferred to the Charity.

ODI Sales Limited	2015 £'000	2014 £'000
Income	**2,613**	2,026
Cost of sales	**(1,693)**	(1,415)
Gross Surplus	**920**	611
Administrative expenses	**(4)**	(4)
Operating surplus	**916**	607
Other interest receivable and similar income	**-**	-
Surplus on ordinary activities before taxation and Gift Aid	**916**	607
Taxation	**-**	-
Surplus on ordinary activtites before Gift Aid	**916**	607
Gift Aid donation to parent undertaking	**(916)**	(607)
Surplus / Deficit for the financial year	**-**	-

At 31 March 2015, the total capital and reserves of the company was £10 (2014: £10).

8 Staff costs and Trustees' remuneration

a) Staff costs during the year were as follows:

	2015 £'000	2014 £'000
Wages and salaries	**9,331**	8,213
Social security costs	**835**	750
Other pension costs	**1,327**	1,105
	11,493	10,068
Temporary and other staff costs	**561**	502
	12,054	10,570

b) Staff cost (excl. temporary staff) by function was as follows:

	£'000	£'000
Research and dissemination	**9,202**	7,895
Support	**2,291**	2,173
	11,493	10,068

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2015	2014
£60,001 - £70,000	**16**	16
£70,001 - £80,000	**8**	5
£80,001 - £90,000	**5**	2
£90,001 - £100,000	**3**	3
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

Employer contributions of £387,269 (2014: £306,247) were made to the charity's defined benefit pension schemes for all employees who earned £60,000 or more during the year (as defined above).

The average number of employees during the year, analysed by function, was as follows:

	2015	2014
Research and Fellowship scheme	**182**	162
Support	**43**	38
	225	200

During the year ended 31 March 2015 expenses of £396 (2014: £210) were reimbursed to 1 Trustee (2014: 1 Trustee) for attending Board, Council and Sub-Committee meetings.

During the year ended 31 March 2015 the following related party transactions occurred:

Name	Relationship	Description	Amount paid
Sue Unsworth	Trustee	Research performed under the Accountable Grant	£7,680

No amount was outstanding at the year end in respect of the above transaction.

No other Trustees were paid for any project or research work in the year ended 31 March 2015.

8 Staff costs and Trustees' remuneration (continued)

The Trustees have taken out Trustee indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to ODI. The premium paid by the charity amounted to £2,438 (2014: £2,438) and provided cover of £1,000,000 (2014: £1,000,000).

9 Net movement in funds

This is stated after charging:	**2015**	2014
	£'000	£'000
Auditor's remuneration		
- Current year audit services – ODI	15	15
- Prior year audit services – ODI	(1)	(3)
- Current year audit services – ODI Sales Limited	5	5
- Prior year audit services – ODI Sales Limited	(1)	(1)
- Other audit and accounting services	19	4
	37	20
Depreciation	**276**	265
Operating lease rentals		
- Premises	**751**	899
- Equipment	**15**	13

10 Taxation

The charity is a registered charity and therefore it is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The subsidiary, ODI Sales Limited, donates it taxable profits, if any, to ODI each year.

11 Tangible fixed assets

Group and Charity	Leasehold improvements £'000	Computers £'000	Furniture and Fittings £'000	Total £'000
Cost				
At 1 April 2014	1,086	620	593	**2,299**
Additions	-	38	33	**71**
Disposals	-	-	-	**-**
At 31 March 2015	1,086	658	626	**2,370**
Depreciation				
At 1 April 2014	180	503	225	**908**
Charge for year	125	78	73	**276**
Disposals	-	-	-	**-**
At 31 March 2015	305	581	298	**1,184**
Net book values				
At 31 March 2014	906	117	368	**1,391**
At 31 March 2015	781	77	328	**1,186**

12 Investments

Group	Total £'000
Listed investments	
Market value at 1 April 2014	**-**
Cost of new investments	**1,782**
Unrealised gain on investments	**64**
Market value at 31 March 2015	**1,846**
Historical cost of listed investments at 31 March 2015	**1,782**

Charity	Shares in subsidiary company £'000	Listed investments £'000	Total £'000
Market value at 1 April 2014	-	-	**-**
Cost of new investments	-	1,782	**1,782**
Unrealised gain on investments	-	64	**64**
Market value at 31 March 2015	-	1,846	**1,846**
Historical cost of investments at 31 March 2015	-	1,782	**1,782**

12 Investments (continued)

During the year the organisation invested £1,781,901 with a new fund manager, who have authority to buy and sell shares and bonds subject to the restrictions as noted in the investment policy. The market value of the portfolio held by the investment manager on behalf of the organisation was £1,846,031 and other than a cash balance of £644,466 which is awaiting investment, there was no one holding greater than 5% of the value of the portfolio.

At 31 March 2015 the Charity owned 10 £1 shares, being the entire called up share capital, of ODI Sales Limited, which is incorporated in the UK for the purposes of generating income for the charitable purposes of the Charity. A summary of the financial results of the company is shown in note 7.

13 Debtors

	Charity 2015 £'000	**Group 2015 £'000**	Charity 2014 £'000	Group 2014 £'000
Grants receivable and accrued income	**7,286**	**8,294**	6,390	7,755
Other debtors	**7**	**7**	15	15
Prepayments	**387**	**387**	175	176
Amount due from subsidiary	**2,213**	**-**	2,010	-
	9,893	**8,688**	8,590	7,946

14 Creditors

	Charity 2015 £'000	**Group 2015 £'000**	Charity 2014 £'000	Group 2014 £'000
Grants received in advance	**1,624**	**1,660**	4,286	4,374
Expense creditors	**2,783**	**2,853**	1,086	1,237
Social security and other taxes	**261**	**472**	455	391
Accruals and deferred income	**497**	**513**	1,598	1,615
	5,165	**5,498**	7,425	7,617

15 Funds

	At 1 April 2014 £'000	Incoming Resources £'000	Resources expended £'000	Unrealised gains and losses £'000	Transfers £'000	**At 31 March 2015 £'000**
Unrestricted funds						
Designated						
Tangible fixed assets fund	1,391	-	-	-	(205)	**1,186**
General funds						
Income and expenditure account	2,513	3,155	(2,256)	64	205	**3,681**
Total unrestricted funds	3,904	3,155	(2,256)	64	-	4,867
Restricted funds						
DFID (Fellowship)	341	4,101	(3,862)	-	-	**580**
DFID (Accountable Grant)	878	2,203	(3,079)	-	-	**2**
DFID (Budget Strengthening Initiative)	574	3,762	(3,956)	-	-	**380**
DFID (Secure Livelihoods Research Consortium)	182	1,654	(1,836)	-	-	-
Bill and Melinda Gates Foundation (Development Progress)	291	608	(319)	-	-	**580**
ALNAP (multifunder)	532	1,255	(1,365)	-	-	**422**
HPG Integrated Programme (multi-funder)	611	1,155	(1,548)	-	-	**218**
European Commission (ERD)	168	416	(584)	-	-	-
Research Triangle Institute	90	445	(535)	-	-	-
International Development Research Centre (Canada)	61	334	(395)	-	-	-
DFID (Building Resilience and Adapting to Climate Extremes Disasters Programme)	-	708	(708)	-	-	-
Integrated Regional Information Networks	-	1,671	(343)	-	-	**1,328**
New Climate Economy	-	563	(501)	-	-	**62**
Other research projects	(1,548)	12,758	(7,635)	-	-	**3,576**
	2,180	31,633	(26,666)	-	-	**7,147**
Total funds	6,084	34,788	(28,922)	64	-	**12,014**

Analysis of net assets between funds	Unrestricted funds £ 000	Restricted funds £ 000	**Total Funds £ 000**
Tangible fixed assets	1,186	-	**1,186**
Net current assets	3,681	7,147	**10,828**
Total net assets	4,867	7,147	**12,014**

15 Funds (continued)

Designated Funds

Designated funds represent monies that have been set aside by the Trustees for specific purposes.

Tangible fixed assets fund
The tangible fixed assets fund represents the net book value of the tangible fixed assets owned by the Charity. These assets are of fundamental importance to the Charity in carrying out its objectives. As such, a decision was made to separate this fund from general funds in order to demonstrate that the value does not comprise assets that can be realised with ease in order to meet ongoing expenditure.

Restricted Funds

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the relevant fund.

Department for International Development (Fellowship)

This fund represents a restricted grant from DFID to fund ODI's Fellowship Programme

Department for International Development (Accountable Grant)

This fund represents a restricted grant from DFID to fund a range of ODI core development programmes.

Department for International Development (Budget Strengthening Initiative)

This fund represents a restricted grant from DFID to fund ODI BSI's Programme which is part of the Centre for Public Expenditure Programme.

Department for International Development (Secure Livelihoods Research Consortium)

This fund represents a restricted grant from DFID to fund ODI's SLRC Programme.

Bill and Melinda Gates Foundation (Development Progress Stories)

This fund represents a restricted grant from the Bill and Melinda Gates Foundation to support ODI's Development Progress project.

Active Learning Network for Accountability and Performance (in Humanitarian Action) (multifunder)

This fund represents restricted grants from a range of funders to support ODI's ALNAP Programme.

Humanitarian Policy Group (multifunder)

This fund represents restricted grants from a range of funders to support ODI's HPG Integrated Programme.

European Commission (European Report on Development)

This fund represents a restricted grant from the European Commission to produce the quarterly ERD report.

Research Triangle Institute

This fund represents a restricted grant from the Research Triangle Institute (US) to fund ODI's Knowledge Sector Initiative (Indonesia) project.

International Development Research Centre (Canada)

This fund represents a restricted grant from the IDRC (Canada) to fund ODI's PRISE project.

Department for International Development (Building Resilience and Adapting to Climate Extremes Disasters Programme)

This fund represents a restricted grant from DFID to fund a multi year project to support ODI's BRACED Programme.

Integrated Regional Information Networks

This fund represents funds received from various organisations to support the transition of IRIN towards independence from the UN.

New Climate Economy

The New Climate Economy is an international project of the Global Commission on the Economy and Climate, undertaken by 8 partner institutes. In addition to providing research support and serving on the project's Delivery Steering Group, ODI hosts members of the New Climate Economy project team, and has received funds from various donors in respect of this.

The closing restricted fund balance in 2013/14 included £5.4m of support costs that had not been allocated to projects. These support costs were included within "Other Research Projects". This balance has been allocated to projects during 2014/15 to reflect the correct apportionment of support costs to each fund. This allocation is included within the resources expended for the year.

16 Lease commitments

At 31 March 2015 the Charity had annual commitments under a non-cancellable operating leases as set out below:

Group and charity	2015 £'000	2014 £'000
Land and buildings		
Operating leases which expire:		
After more than five years	**804**	804
Equipment		
Operating leases which expire:		
Within one year	**13**	-
Between one and two years	**-**	13

With regard to the lease for land and buildings, the actual payment by the Charity in the year to 31 March 2015 will differ from the charge to the statement of financial activities for the year shown above as a consequence of the lease containing a provision for an initial rent free period.

17 Pensions

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employer and employees. Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of the pensions over the employees' working lives.

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, both schemes are classed as multi-employer pension schemes. The Institute is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the Institute has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the schemes as if they were defined contribution schemes. The Institute has set out below the latest information available for each scheme.

The Universities Superannuation Scheme (USS)

The Institute participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee , Universities Superannuation Scheme Limited. The Institute is required to contribute a specific percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015 the pecentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme.

At 31 March 2015 the Institute had 134 (2014: 119) members participating in the scheme. The total pension costs for the Institute under this scheme charged to the Income and Expenditure account were £1,009,851 (2014: £861,289). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributiuons. The disclosures below represent the position from the scheme's financial statements.

The latest triennial acturial valution of the scheme was 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valution is not yet finalised and is under consultation in order to agree a recovery plan which will include a reduction in future benefits and an increase in employer contributions. It is expected that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statuory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4bn and the value of the scheme's technical provisions was £35.3bn, indicating a shortfall of £2.9bn. The assets were sufficient to cover 92% of the benefits which has accrued to members after allowing for expected future increases in earnings.

17 Pensions (continued)

FRS 17 liability numbers have been produced for the scheme using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in first year and 4% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used to relates the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables - No age rating
Female members' mortality	S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are :

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45	26.2	25.5
Females currently aged 45	28.6	27.6

The financial position of the scheme is as follows:

	2015	2014
	£'bn	£'bn
Scheme assets	49.0	41.6
FRS 17 Liabilities	67.6	55.5
FRS 17 Deficit	18.6	13.9
FRS17 Funding level	72%	75%

Superannuation arrangements of the University of London (SAUL)

The Charity also participates in the Superannuation Arrangements of the University of London "(SAUL"), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension. SAUL is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using the Projected Unit method. Informal reviews of SAUL's position are carried out between formal valuations.

The Charity participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The Charity has now adopted FRS17 for accounting for pension costs. It is not possible to identify the share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (ie cash amounts) in accordance with paragraphs 8 – 12 of FRS17.

17 Pensions (continued)

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

	31 March 2011
Discount rate	
- pre-retirement	6.80% p.a.
- post-retirement	4.70% p.a.
General* Salary Increases	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index inflation (“RPI”)	3.50% p.a.
Consumer Price Index Inflation (“CPI”)	2.80% p.a.
Pension Increases in payment (excess	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

*an additional allowance is made for promotional Salary increases

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or “CARE”, benefit structure) to SAUL's benefit structure applies from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

As at 31 March 2015, the Institute had 86 (2014: 63) members participating in the scheme. The total pension costs for the Institute under this scheme were £317,324 (2014: £247,800). The contribution rate payable by the Charity was 13% of pensionable salaries.

18 Contigent liabilities and assets

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet.