

Registered no. 2728021



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Company Information

Directors

M Rich
R Fallon
H Pung
C Ries
M Gowers
C Van Stolk
D Howarth
C Black
D Good

Secretary and registered office

M Gowers
Westbrook Centre
Milton Road
Cambridge
CB4 1YG

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

Barclays Bank plc
9-11 St Andrew's Street
Cambridge
CB2 3AA

Strategic report

The directors present their strategic report on the company for the year ended 30 September 2016

Review of business

The results for the year are set out in the profit and loss account on page 8. Net liabilities at the balance sheet date were £2.71 million (2015: £1.94 million).

The company is run on a not-for-profit basis. Headquartered in Cambridge in the United Kingdom, the company also has a branch office in Brussels to support its wider European client base.

In 2016, total turnover increased by 0.7% year-on-year to £8.08 million (2015: £8.02 million). Increased revenue in the UK was slightly offset by lower revenue from Europe where the continued devaluation of the euro at the beginning of the financial year had increased our prices compared to our European competitors.

Costs increased slightly vs 2015, this was mainly due to the impact of foreign exchange losses, offset slightly by a decrease in the number of research staff.

With an increased backlog of work in progress and increasing proposal opportunities, the outlook for the next financial year is encouraging.

The directors consider the principal operations, risks and uncertainties and key performance indicators to be materially the same as the parent company, the RAND Corporation. Accordingly, the development, performance, and position of the company along with the principal risks are included in the RAND Corporation annual report, which does not form part of this report.

Approved by order of the board, 20 December 2016



M. Gowers
Company Secretary

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2016

Future Developments

The directors continue to monitor the potential implications of "Brexit" on the company's revenue stream from Europe

Dividends and transfers to the reserves

The directors do not recommend the payment of a dividend (2015 £nil) The loss for the financial year ended 30 September 2016 of £765,009 (2015 £634,440) will increase the accumulated deficit carried forward

Political donations and political expenditure

There were no political donations or political expenditure in the financial year (2015 Nil)

Financial Instruments and risk management

The directors consider, given the size of the company, the financial risks that are material for assessment of the company are limited to credit and currency risk Responsibility for monitoring financial risk management is in the hands of the Board

Credit risk

On account of the largely public sector customer base, the company considers this a relatively low risk area The company has, however, implemented policies that require appropriate credit checks on potential customers before sales are made

Currency risk

To hedge its exposures to fluctuations in foreign exchange rates, the company enters into forward currency agreements to sell Euros in exchange for sterling There is also a significant natural hedge which exists between the company's costs and revenues from its overseas operations

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the company has sufficient available funds for operations and planned expansions

Directors

The directors of the company who served during the whole of the financial year ended 30 September 2016 and up until the date of approval of the financial statements, unless otherwise stated were as listed below

M Rich
R Fallon
H Pung
C Ries
M Gowers
C Van Stolk (appointed 18/12/2015)
D Howarth
C Black (appointed 05/09/2016)
D Good (appointed 09/11/2016)

Post Balance Sheet Events

On the 1st of December 2016 the company entered into a new 10 year operating lease for its head office, details are included in Note 23 of the financial statements

Directors' report (continued)

Branches outside the UK

The company operates one branch office in Brussels, Belgium

Statement on disclosure of information to the auditors

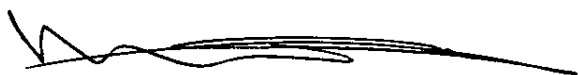
So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware

Each director has taken all the steps (such as inquiries of other directors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent Auditors

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meeting and the appointment of auditors annually are currently in force. The auditors PricewaterhouseCoopers LLP will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and financial statements are sent to members unless a resolution is passed under Section 511 of the Companies Act 2006 to the effect that their appointment be brought to an end

Approved by order of the board, 20 December 2016



M Gowers
Company Secretary

Independent auditors' report to the members of RAND Europe Community Interest Company

Report on the financial statements

Our opinion

In our opinion, RAND Europe Community Interest Company's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its loss 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

What we have audited

The financial statements, included within the Annual Report, comprise

- Balance sheet as at 30 September 2016,
- Profit and loss account and Statement of comprehensive income for the year then ended,
- Statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of RAND Europe Community Interest Company (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

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) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

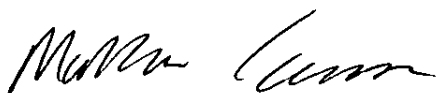
We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report



Martha Cannon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
20 December 2016

Financial Statements

Profit and loss account for the year ended 30 September 2016

	Note	2016 £	2015 £
Turnover	5	8,075,995	8,018,210
Cost of sales		(1,821,873)	(1,760,048)
Gross profit		6,254,122	6,258,162
Administrative expenses		(6,929,085)	(6,814,191)
Operating loss	6	(674,963)	(556,029)
Loss on ordinary activities before interest and taxation		(674,963)	(556,029)
Interest payable and similar charges	8	(90,046)	(78,411)
Net Interest Expense	8	(90,046)	(78,411)
Loss on ordinary activities before taxation		(765,009)	(634,440)
Tax on loss on ordinary activities	9	-	-
Loss for the financial year		(765,009)	(634,440)

Statement of Comprehensive Income for the year ended 30 September 2016

	2016 £	2015 £
Loss for the financial year	(765,009)	(634,440)
Total comprehensive loss for the year	(765,009)	(634,440)

All results above relate to continuing operations

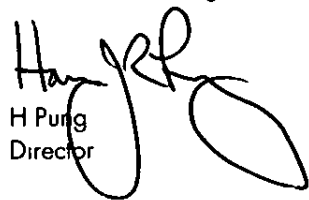
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above, and their historical cost equivalents

Balance sheet as at 30 September 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	10	34,418	45,923
Tangible assets	11	226,406	260,109
		<u>260,824</u>	<u>306,032</u>
Current assets			
Debtors	12	2,933,573	2,652,527
Cash at bank and in hand		170,926	407,373
		<u>3,104,499</u>	<u>3,059,900</u>
Creditors amounts falling due within one year	13	(3,074,054)	(2,716,339)
Net current assets		<u>30,445</u>	<u>343,561</u>
Total assets less current liabilities		291,269	649,593
Creditors amount falling due after more than one year	14	(2,950,000)	(2,550,000)
Provisions for liabilities	17	(47,000)	(40,315)
Net liabilities		<u>(2,705,731)</u>	<u>(1,940,722)</u>
Capital and reserves			
Called up share capital	19	2	2
Accumulated losses		(2,705,733)	(1,940,724)
Total shareholders' deficit		<u>(2,705,731)</u>	<u>(1,940,722)</u>

The notes on pages 11 to 28 are an integral part of these financial statements

The financial statements on pages 8 to 28 were authorised for issue by the board of directors on 20 December 2016 and were signed on its behalf by


H Pung
Director


M Gowers
Director

RAND Europe Community Interest Company
Registered number 2728021

Statement of changes in equity for the year ended 30 September 2016

	Called up share capital £	Accumulated Losses £	Total Shareholders deficit £
Balance as at 1 October 2014	2	(1,306,284)	(1,306,282)
Loss for the Financial Year	-	(634,440)	(634,440)
Total Comprehensive loss for the Year	-	(634,440)	(634,440)
Balance as at 30 September 2015	2	(1,940,724)	(1,940,722)
Balance as at 1 October 2015	2	(1,940,724)	(1,940,722)
Loss for the Financial Year	-	(765,009)	(765,009)
Total Comprehensive loss for the Year	-	(765,009)	(765,009)
Balance as at 30 September 2016	2	(2,705,733)	(2,705,731)

Notes to the financial statements for the year ended 30 September 2016

1 General information

RAND Europe Community Interest Company ("the company") is a not-for-profit research institute whose mission is to help improve policy and decision making through research and analysis

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Westbrook Centre, Milton Road, Cambridge

2 Statement of compliance

The individual financial statements of RAND Europe Community Interest Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 24.

a. Basis of accounting

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b. Going concern

The directors have obtained confirmation from the ultimate controlling party, RAND Corporation, that adequate funding will continue to be made available to enable the company to discharge its liabilities as they fall due and to enable it to continue at its present level of activity for at least the next twelve months. With this support in place, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to reclassify fixed assets as current assets and to provide for further liabilities that may arise.

c. Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions:

- under FRS 102 paragraph 112(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, RAND Corporation, includes the company's cash flows in its own consolidated financial statements
- Under FRS102 paragraph 33 1A from disclosing transactions with other wholly owned Group companies

Notes to the financial statements for the year ended 30 September 2016 (continued)

d. Foreign Currency

Functional and presentation currency

The company's functional and presentation currency is the pound sterling

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Foreign exchange losses / (gains)'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Foreign exchange losses / (gains)' including those related to forward contracts.

e. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the value of work done on contracts once their outcome can be assessed with reasonable certainty and the recharge of out-of-pocket expenses, net of discounts allowed by the company and value added taxes.

Long term contracts

Revenue on long term contracts is recognised according to the stage reached in the contract by reference to the stage of completion of the contract at the end of the reporting period.

The stage of completion of a contract is measured by comparing the proportion that costs incurred for work performed to date bear to the estimated total costs. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts.

f. Cost of sales

Cost of sales includes cost of subcontractors and out-of-pocket expenses recharged to clients. All staff costs are recorded as operating expenses.

g. Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Notes to the financial statements for the year ended 30 September 2016 (continued)

h. Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received

Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

i. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the financial statements for the year ended 30 September 2016 (continued)

j. Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

k. Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

IT Equipment, fixtures and fittings

IT equipment, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Leasehold property improvements – over the period of the lease
- IT Equipment, Fixtures and fittings – 4 – 5 years
- Video / Teleconferencing – 6 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

l. Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 October 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Notes to the financial statements for the year ended 30 September 2016 (continued)

m. Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

n. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

o. Provisions and contingencies

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular,

- Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Notes to the financial statements for the year ended 30 September 2016 (continued)

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

p. Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The fair value measurement is determined using observable inputs. The key inputs used in valuing the forward foreign contracts are GBP/EUR. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Notes to the financial statements for the year ended 30 September 2016 (continued)

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

q. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

r. Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

s. Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned. Refer to Note 3c. Exemptions for qualifying entities under FRS 102.

4 Critical accounting judgements and estimation uncertainty

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

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Amounts recoverable on contracts

The company makes an estimate of the recoverable value of Amounts recoverable on Contracts. When assessing impairment of Amounts recoverable on contracts, management considers factors including the current credit rating of the client, the ageing profile of the Amounts recoverable on contracts and historical experience. See note 12 for the net carrying amount of the Amounts recoverable on contracts and associated impairment provision.

Notes to the financial statements for the year ended 30 September 2016 (continued)

5 Turnover

The company has only one class of business. The analysis of turnover by geographical area is set out below.

	2016 £	2015 £
UK	4,826,254	4,628,266
Europe	2,305,477	2,380,845
Rest of the world	944,264	1,009,099
	<u>8,075,995</u>	<u>8,018,210</u>

6 Operating Loss

Operating loss is stated after charging

	Note	2016 £	2015 £
Wages and salaries		4,021,804	3,961,388
Social security costs		411,403	471,623
Other pension costs	16	337,554	339,071
Staff Costs		<u>4,770,761</u>	<u>4,772,082</u>
Operating lease charges		272,534	271,154
Foreign exchange losses		317,382	50,692
Audit fees payable to company auditors		27,600	26,365
Fees payable to company auditors for other services			
Tax services		6,800	8,000
Other		2,400	2,110

Notes to the financial statements for the year ended 30 September 2016 (continued)

7 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the company during the year was

	2016 No.	2015 No
By Activity		
Consultancy	81	85
Administration	26	26
	<u>107</u>	<u>111</u>

Directors

The directors' emoluments were as follows

	2016 £	2015 £
Aggregate emoluments (excluding pension contributions)	295,766	268,550
Company contributions paid to money purchase pension scheme	<u>23,546</u>	<u>21,025</u>
	2016 No.	2015 No
Members of money purchase pension schemes	<u>3</u>	<u>3</u>

Highest paid director

The highest paid director's emoluments were as follows

	2016 £	2015 £
Aggregate emoluments (excluding pension contributions)	138,855	135,372
Company contributions paid to money purchase pension scheme	<u>11,069</u>	<u>10,738</u>

Key management personnel

It is the Directors view that only the directors have authority and responsibility for planning, directing and controlling the activities of the company and are therefore considered to be key management personnel

Notes to the financial statements for the year ended 30 September 2016 (continued)

8 Net interest expense

Interest receivable and similar income

	2016 £	2015 £
Bank interest received	-	-
Total Interest receivable and similar income	-	-

Interest payable and similar charges

	2016 £	2015 £
Interest payable on overdrafts and bank loans	1,658	-
Interest payable on other loans	88,388	78,411
Total Interest payable and similar charges	90,046	78,411

Net interest expense

	2016 £	2015 £
Interest receivable and similar income	-	-
Interest payable and similar charges	(90,046)	(78,411)
Net Interest expense	(90,046)	(78,411)

Notes to the financial statements for the year ended 30 September 2016 (continued)

9 Tax on loss on ordinary activities

Tax expense included in profit or loss

	2016 £	2015 £
Current tax		
- UK Corporation tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
- Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

Reconciliation of tax charge

The tax assessed for the year is different (2015 different) than the small profits rate of corporation tax in the UK 20% (2015 20%). The differences are explained below

	2016 £	2015 £
Loss on ordinary activities before taxation	(765,009)	(634,440)
Loss on ordinary activities multiplied by the small profits rate of corporation tax in the UK of 20% (2015 20%)	(153,002)	(126,888)
Effects of		
- Expenses not deductible for tax purposes	1,491	1,371
- Accelerated capital allowances and other timing differences	(3,710)	2,345
- Losses carried forward	155,221	123,172
Tax charge for the year	-	-

Tax rate changes

At the balance sheet date, the Company had unused tax losses of £530,980 (2015 £375,759) and other short term timing differences of £(43,809) (2015 £(38,762)) available for offset against future profits. No deferred tax has been recognised in respect of unused tax losses of £530,980 (2015 £375,759) and short term timing differences of £(43,809) (2015 £(35,937)) due to the unpredictability of future profits.

Notes to the financial statements for the year ended 30 September 2016 (continued)

10 Intangible assets

	Software £
As at 30 September 2015	
Cost	181,163
Accumulated amortisation	(135,240)
Net book amount	45,923
Year ended 30 September 2016	
Opening net book amount	45,923
Additions	6,535
Accumulated amortisation	(18,040)
Impairment	-
Closing net book amount	34,418
As at 30 September 2016	
Cost	178,918
Accumulated amortisation and impairment	(144,500)
Net book amount	34,418

The software intangible assets include the company's ERP system and development costs

During the year desktop software with a net book value of £nil was impaired. The software has been superseded with advance software acquired by the company and is no longer in use.

Notes to the financial statements for the year ended 30 September 2016 (continued)

11 Tangible assets

	Leasehold Improvements £	IT equipment, fixtures and fittings £	Video/ Teleconferencing £	Total £
At 30 September 2015				
Cost	418,774	407,890	62,531	889,195
Accumulated depreciation and impairment	(334,701)	(265,318)	(29,067)	(629,086)
Net book amount	84,073	142,572	33,464	260,109
Year ended 30 September 2016				
Opening net book amount	84,073	142,572	33,464	260,109
Additions	-	94,195	-	94,195
Disposals	-	(52,493)	-	(52,493)
Accumulated depreciation	(51,257)	(13,726)	(10,422)	(75,405)
Closing net book amount	32,816	170,548	23,042	226,406
At 30 September 2016				
Cost	418,774	449,592	62,531	930,897
Accumulated depreciation and impairment	(385,958)	(279,044)	(39,489)	(704,491)
Net book amount	32,816	170,548	23,042	226,406

12 Debtors

	2016 £	2015 £
Trade debtors	975,500	1,118,124
Other debtors	366,187	340,091
Amounts recoverable on contracts	1,591,886	1,194,312
	2,933,573	2,652,527

Notes to the financial statements for the year ended 30 September 2016 (continued)

13 Creditors: amounts falling due within one year

	Note	2016 £	2015 £
Trade Creditors		163,010	445,469
Amounts owed to group undertakings		1,776,158	1,438,282
Borrowings	15	415,720	-
Taxation and social security		203,126	211,935
Other creditors		76,237	-
Payments on account		219,694	409,484
Accruals and deferred income		220,109	211,169
		<u>3,074,054</u>	<u>2,716,339</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

14 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	2,950,000	2,550,000
	<u>2,950,000</u>	<u>2,550,000</u>

Amounts owed to group undertakings were formalised under a loan agreement dated 12 January 2007. The loan together with any interest thereon is repayable after 12 months' notice and the interest rate is LIBOR + 2.5% per annum payable quarterly. Prior to 12 January 2007 no interest was due on the amount outstanding.

Notes to the financial statements for the year ended 30 September 2016 (continued)

15 Loans and other borrowings

	2016 £	2015 £
Bank Overdraft	415,720	-
	415,720	-

The bank overdraft is secured against a deposit with the bank in the name of RAND Corporation, the ultimate parent company. The amount of the deposit is in excess of the overdraft amount.

16 Post-employment benefits

Defined contribution scheme

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total pension cost for the year was £337,554 (2015: £339,071).

At 30 September 2016 £nil (2015: £nil) of contributions remained outstanding.

17 Provisions for liabilities

The company had the following provisions during the year:

	Dilapidations Provision £	Total £
At 1 October 2015	40,315	40,315
Additions dealt with in Profit or loss	6,685	6,685
At 30 September 2016	47,000	47,000

Dilapidations

At the start of the current building lease a new internal staircase was installed between floors at the company's expense. The company is liable to reinstate the floors in the building at the point that it vacates the building. A provision has been taken on a straight line basis over the length of the current lease to match the deposit placed with the landlord for the reinstatement of floors.

Notes to the financial statements for the year ended 30 September 2016 (continued)

18 Financial instruments

The Company has the following financial instruments

	Note(s)	2016 £	2015 £
Financial assets that are measured through profit or loss			
- Forward foreign currency contracts	12	-	9,486
		-	9,486
Financial assets that are debt instruments at amortised cost			
- Trade receivables	12	975,500	1,118,124
- Other receivables		241,643	206,110
- Amounts recoverable under contracts	12	1,591,886	1,194,312
		2,809,029	2,518,546
Financial liabilities at fair value through profit or loss			
- Forward foreign currency contracts	13	76,234	-
		76,234	-
Financial liabilities measured at amortised cost			
- Bank Overdraft	15	415,720	-
- Amounts owed to group undertakings	13/14	4,726,158	3,988,282
- Trade Creditors	13	163,010	445,469
Accruals	13	157,728	121,781
		5,462,616	4,555,532

Derivative financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables

Outstanding contracts	Maturity	
	Less than 1 Year	Greater than 1 Year
As at 30 September 2015		
No of Forward Sell Contracts	2	1
As at 30 September 2016		
No of Forward Sell Contracts	1	1

The company is committed to sell EUR1,500,000 (2015 EUR1,770,000)

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP EUR.

The Fair Value of Forward Contracts at 30 September 2016 was £1,228,196 (2015 £1,328,703)

The company has no interest rate derivative financial instruments (2015 none)

Notes to the financial statements for the year ended 30 September 2016 (continued)

19 Called up Share capital

Ordinary shares of £1 00 each	No.	£
Allotted and fully paid At 1 October 2015	2	2
At 30 September 2016	2	2

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20 Capital and other commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £	2015 £
Payments due		
Not later than one year	58,121	292,146
Later than one year and not later than five years	8,361	66,483
Later than five years	-	-
	<u>66,482</u>	<u>358,629</u>

The company had no other off-balance sheet arrangements.

21 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group. Refer to Note 3c Exemptions for qualifying entities under FRS 102.

22 Controlling parties

RAND Corporation is the ultimate parent and controlling party of RAND Europe Community Interest Company. RAND Corporation is also the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 September 2016. Copies of RAND Corporation's financial statements can be obtained from RAND Europe Community Interest Company, Westbrook Centre, Milton Road, Cambridge, CB4 1YG.

23 Events after the end of the reporting period

On the 1st December the company entered into a new 10 year building lease for its head office. The annual rent commitment under this lease is £349,248.

Notes to the financial statements for the year ended 30 September 2016 (continued)

24 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 30 September 2015. The date of transition to FRS 102 was 1 October 2014. There were no differences as a result of the changes in accounting policies to reconcile profit for the financial year ended 30 September 2015 and the total equity as at 1 October 2014 and 30 September 2015 between UK GAAP as previously reported and FRS 102.

Other Adjustments arising on transition to FRS 102

Whilst there were no transition adjustments identified above which affect profit for the financial year, the following adjustment has arisen which has had no effect on net equity or profit and loss account but which has affected the presentation of this item on the balance sheet. The item being

(a) Computer software, with a net book value of £45,923 at 30 September 2015 (£46,069 at 30 September 2014), has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's net assets nor on the profit for the year, except that the previous depreciation charge is now described as amortisation.

CIC 34**Community Interest Company Report**

For official use
(Please leave blank)

*Please
complete in
typescript, or
in bold black
capitals*

**Company Name in
full**

RAND Europe Community Interest Company

Company Number

2728021

Year Ending

30 September 2016

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

(N.B. A Filing Fee of £15 is payable on this document. Please enclose a cheque or postal order payable to Companies House)

PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT

In the space provided below, please insert a general account of the company's activities in the financial year to which the report relates, including a description of how they have benefited the community.

The company provides research and analysis to inform policy and decision making by governmental and nongovernmental organisations. The company benefits the UK and wider European community by promoting evidence-based policy-making, and more specifically

- (i) challenging assumptions by providing independent research which is free from preconceptions and political agendas,
- (ii) providing a wider perspective by allowing policymakers in one country test policy ideas against the results of policies set in other European countries
- (iii) providing research and analysis which conforms to the very highest standards of academic rigour and has the appropriate breadth of perspective
- (iv) helping policy makers to consider the impact of behavioural change on potential policy outcomes by combining classic data analysis with real insights from economic and human modelling too

(If applicable, please just state "A social audit report covering these points is attached")

(Please continue on separate continuation sheet if necessary)

PART 2 – CONSULTATION WITH STAKEHOLDERS – Please indicate who the company's stakeholders are, how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear

The company's annual report has been presented to and discussed with senior management from the company's sole shareholder and controlling party (RAND Corporation) Financial highlights from the report have been presented to the company's own employees There was no feedback requiring action from either of these consultations

Feedback is regularly requested from the company's clients to ensure that the research and analysis provided meets or exceeds their needs and expectations The company holds two public receptions a year (one in London and one in Brussels) to which key stakeholders are invited and feedback is sought Feedback from both forums has confirmed that we are benefiting this community in the way outlined above and guided us in seeking to further enhance these benefits and the public impact our research has

(If applicable, please just state "A social audit report covering these points is attached")

PART 3 – DIRECTORS' REMUNERATION – if you have provided full details in your accounts you need not reproduce it here Please clearly identify the information within the accounts and confirm that, "There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed" (See example with full notes) If no remuneration was received you must state that "no remuneration was received" below

The information is provided within note 7 of the accounts There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed

PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION – Please insert full details of any transfers of assets other than for full consideration e.g Donations to outside bodies If this does not apply you must state that "no transfer of assets other than for full consideration has been made" below

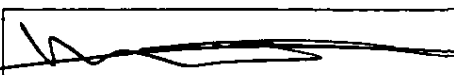
No transfer of assets other than for full consideration has been made

(Please continue on separate continuation sheet if necessary)

PART 5 – SIGNATORY

The original report must be signed by a director or secretary of the company

Signed



Date

4/1/2017

Office held (delete as appropriate) ~~Director~~/Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Tel	
DX Number	DX Exchange

When you have completed and signed the form, please attach it to the accounts and send both forms by post to the Registrar of Companies at:

For companies registered in England and Wales: Companies House, Crown Way, Cardiff, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland: Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh 2

For companies registered in Northern Ireland: Companies House, 2nd Floor, The Linenhall, 32-38
Linenhall Street, Belfast, BT2 8BG

The accounts and CIC34 **cannot** be filed online

(N.B. Please enclose a cheque for £15 payable to Companies House)