RAND Europe
Community Interest Company
Annual Report and Financial Statements

for the year ended 30 September 2017

Registered no. 2728021

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Company Information

Directors

M Rich
R Fallon – resigned 3rd January 2017
M Januzik – appointed 3rd January 2017
H Pung
C Ries
M Gowers
C Van Stolk
G Newman – appointed 17th July 2017
D Howarth
C Black
D Good

Secretary and registered office

G Newman
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 2017.

Review of business

The company is run on a not-for-profit basis to help improve policy and decision making through research and analysis. The company aims to benefit the public interest through the impact and wide dissemination of its work. Headquartered in Cambridge in the United Kingdom, the company also has a branch office in Brussels to support its wider European client base.

The results for the financial year are set out in the profit and loss account on page 9. The company generated an operating loss of £97k (2016: £675k), on revenue of £7.98m (2016: £8.08m). Total costs decreased by 7.7% to £8.08m (2016: £8.75m); mainly due to a decrease in the number of research and administration staff and benefitting from currency rate movements relative to 2016.

Net liabilities at the balance sheet date were £2.90 million (2016: £2.71 million). In December 2016, the company entered into a new 10 year building lease for its head office in Cambridge; this required a significant capital investment.

With a strong order book at the end of 2017 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, 19 December 2017

G Newman
Company Secretary

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2017.

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 (2016: £nil). The loss for the financial year ended 30 September 2017 of £196,320 (2016: £765,009) will increase the accumulated deficit carried forward.

Political donations and political expenditure
There were no political donations or political expenditure in the financial year (2016: £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 2017 and up until the date of approval of the financial statements, unless otherwise stated were as listed below:

M Rich
M Januzik – appointed 3rd January 2017
H Pung
C Ries
M Gowers
C Van Stolk
G Newman – appointed 17th July 2017
D Howarth
C Black
D Good

Post balance sheet events
Post Balance Sheet events are disclosed in Note 23 to the Financial Statements.

Directors' Report (continued)

Going concern
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Branches outside the UK
The company operates one branch office in Brussels, Belgium.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

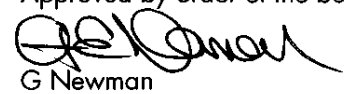
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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, 19 December 2017



G Newman
Company Secretary

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

Report on the financial statements

Opinion

In our opinion, Rand Europe Community Interest Company's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Balance Sheet as at 30 September 2017; Profit and Loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise, appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other

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

Report on the financial statements (continued)

Reporting on other information (continued)

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

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

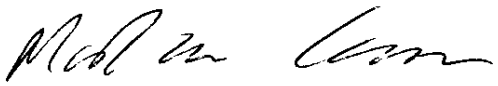
Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Martha Cannon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
19 December 2017

Profit and loss account
For the year ended 30 September 2017

	Note	2017 £	2016 £
Turnover	5	7,979,334	8,075,995
Cost of sales		(1,590,591)	(1,821,873)
Gross profit		6,388,743	6,254,122
Administrative expenses		(6,485,530)	(6,929,085)
Operating loss	6	(96,787)	(674,963)
Finance income	8	565	-
Finance costs	8	(100,098)	(90,046)
Loss on ordinary activities before taxation		(196,320)	(765,009)
Tax on loss on ordinary activities	9	-	-
Loss for the financial year		(196,320)	(765,009)

Statement of Comprehensive Income
For the year ended 30 September 2017

	2017 £	2016 £
Loss for the financial year	(196,320)	(765,009)
Total comprehensive loss for the year	(196,320)	(765,009)

All results above relate to continuing operations.

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

Balance sheet
As at 30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	10	**42,352**	34,418
Tangible assets	11	**765,176**	226,406
		807,528	260,824
Current assets			
Debtors	12	**3,389,756**	2,933,573
Cash at bank and in hand		**141,458**	170,926
		3,531,214	3,104,499
Creditors: amounts falling due within one year	13	**(3,984,007)**	(3,074,054)
Net current (liabilities) / assets		**(452,793)**	30,445
Total assets less current liabilities		**354,735**	291,269
Creditors: amount falling due after more than one year	14	**(3,200,000)**	(2,950,000)
Provisions for liabilities	17	**(56,786)**	(47,000)
Net liabilities		**(2,902,051)**	(2,705,731)
Capital and reserves			
Called up share capital	19	**2**	2
Accumulated losses		**(2,902,053)**	(2,705,733)
Total shareholders' deficit		**(2,902,051)**	(2,705,731)

The notes on pages 12 to 29 are an integral part of these financial statements.

The financial statements on pages 9 to 29 were authorised for issue by the board of directors on 19 December 2017 and were signed on its behalf by:

H Pung
Director

G Newman
Director

RAND Europe Community Interest Company
Registered number 2728021

Statement of changes in equity
For the year ended 30 September 2017

	Called up share capital £	Accumulated losses £	Total shareholders' deficit £
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)
Balance as at 1 October 2016	2	(2,705,733)	(2,705,731)
Loss for the financial year	-	(196,320)	(196,320)
Total comprehensive loss for the year	-	(196,320)	(196,320)
Balance as at 30 September 2017	2	(2,902,053)	(2,902,051)

Notes to the financial statements
For the year ended 30 September 2017 (continued)

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 United Kingdom. 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.

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 1.12(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 FRS 102 paragraph 33.1A from disclosing transactions with other wholly owned Group companies.

Notes to the financial statements
For the year ended 30 September 2017 (continued)

3 Summary of significant accounting policies (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 2017 (continued)

3 Summary of significant accounting policies (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 2017 (continued)

3 Summary of significant accounting policies (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.

Notes to the financial statements
For the year ended 30 September 2017 (continued)

3 Summary of significant accounting policies (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 2017 (continued)

3 Summary of significant accounting policies (continued)

o. Provisions and contingencies (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 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.

Notes to the financial statements
For the year ended 30 September 2017 (continued)

3 Summary of significant accounting policies (continued)

p. Financial instruments (continued)

Financial liabilities (continued)
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.

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 2017 (continued)

5 Turnover

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

	2017 £	2016 £
UK	4,341,555	4,826,254
Europe	2,400,975	2,305,477
Rest of the world	1,236,804	944,264
Turnover	7,979,334	8,075,995

6 Operating loss

Operating loss is stated after charging:

	Note	2017 £	2016 £
Wages and salaries		3,847,838	4,021,804
Social security costs		405,572	411,403
Other pension costs	16	334,114	337,554
Staff costs		4,587,524	4,770,761
Operating lease charges		351,242	272,534
Foreign exchange losses		698	317,382
Depreciation and amortisation		141,688	93,445
Audit fees payable to company auditors		28,250	27,600
Fees payable to company auditors for other services:			
Tax services		6,500	6,800
Other		2,305	2,400

Notes to the financial statements
For the year ended 30 September 2017 (continued)

7 Employees and directors

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

	2017 No.	2016 No.
By activity		
Consultancy	72	81
Administration	28	26
	100	107

Directors
The directors' emoluments were as follows:

	2017 £	2016 £
Aggregate emoluments (excluding pension contributions)	347,741	295,766
Company contributions paid to money purchase pension scheme	37,257	23,546

	2017 No.	2016 No.
Members of money purchase pension schemes	4	3

Highest paid director
The highest paid director's emoluments were as follows:

	2017 £	2016 £
Aggregate emoluments (excluding pension contributions)	143,277	138,855
Company contributions paid to money purchase pension scheme	14,688	11,069

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 2017 (continued)

8 Interest income and costs

Finance costs include all interest-related income and expenses through profit or loss. The following have been included in the profit and loss account for the reporting years presented:

	2017 £	2016 £
Finance income		
Bank interest receivable and similar income	565	-
Total	565	-
Finance costs		
Interest payable on overdrafts and bank loans	(6,296)	(1,658)
Interest payable on other loans	(93,802)	(88,388)
Total	(100,098)	(90,046)
Net interest expense	(99,533)	(90,046)

Notes to the financial statements
For the year ended 30 September 2017 (continued)

9 Tax on loss

Tax expense included in profit or loss

	2017 £	2016 £
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 loss	-	-

Reconciliation of tax charge
The tax assessed for the year is different (2016: different) than the small profits rate of corporation tax in the UK 19.5% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss before taxation	(196,320)	(765,009)
Loss multiplied by the small profits rate of corporation tax in the UK of 19.5% (2016: 20%)	(38,282)	(153,002)
Effects of:		
- Expenses not deductible for tax purposes	1,498	1,491
- Accelerated capital allowances and other timing differences	(17,171)	(3,710)
- Losses carried forward	53,955	155,221
Tax charge for the year	-	-

Tax rate changes
At the balance sheet date, the company had unused tax losses of £586,319 (2016: £530,980) and other short term timing differences of £125,490 (2016: £43,809) available for offset against future profits. No deferred tax has been recognised in respect of unused tax loses of £586,319 (2016: £530,980) and short term timing differences of £125,490 (2016: £43,809) due to the unpredictability of future profits.

Notes to the financial statements
For the year ended 30 September 2017 (continued)

10 Intangible assets

	Software £
As at 30 September 2016	
Cost	178,918
Accumulated amortisation	(144,500)
Net book amount	**34,418**
Year ended 30 September 2017	
Opening net book amount	34,418
Additions	23,256
Disposals	(13,090)
Amortisation charge for year	(15,322)
Accumulated amortisation on disposals	13,090
Closing net book amount	**42,352**
As at 30 September 2017	
Cost	189,084
Accumulated amortisation and impairment	(146,732)
Net book amount	**42,352**

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 2017 (continued)

11 Tangible assets

	Leasehold property Improvements £	IT equipment, fixtures and fittings £	Video / Tele-conferencing £	Total £
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
Year ended 30 September 2017				
Opening net book amount	32,816	170,548	23,042	226,406
Additions	381,910	282,157	1,069	665,136
Disposals	(203,365)	(106,522)	-	(309,887)
Depreciation charge for year	(23,635)	(92,235)	(10,496)	(126,366)
Accumulated depreciation on disposals	203,365	106,522	-	309,887
Closing net book amount	391,091	360,470	13,615	765,176
At 30 September 2017				
Cost	597,319	625,227	63,600	1,286,146
Accumulated depreciation and impairment	(206,228)	(264,757)	(49,985)	(520,970)
Net book amount	391,091	360,470	13,615	765,176

12 Debtors

	2017 £	2016 £
Trade debtors	1,349,225	975,500
Other debtors	545,425	366,187
Amounts recoverable on contracts	1,495,106	1,591,886
	3,389,756	2,933,573

Notes to the financial statements
For the year ended 30 September 2017 (continued)

13 Creditors: amounts falling due within one year

	Note	2017 £	2016 £
Bank loans and overdraft	15	369,764	415,720
Payments received on account		607,992	219,694
Trade creditors		539,514	163,010
Amounts owed to group undertakings		2,015,880	1,776,158
Taxation and social security		113,070	203,126
Other creditors		20,029	76,237
Accruals		317,758	220,109
		3,984,007	3,074,054

Amounts owed 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

	2017 £	2016 £
Amounts owed to group undertakings	3,200,000	2,950,000
	3,200,000	2,950,000

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 2017 (continued)

15 Bank loans and overdrafts

	2017 £	2016 £
Bank loans and overdrafts	**369,764**	415,720
	369,764	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 £334,114 (2016: £337,554).

At 30 September 2017 £nil (2016: £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**
At 1 October 2016	47,000	**47,000**
Additions dealt with in profit or loss	9,786	**9,786**
At 30 September 2017	56,786	**56,786**

Notes to the financial statements
For the year ended 30 September 2017 (continued)

18 Financial instruments

The Company has the following financial instruments:

	Note(s)	2017 £	2016 £
Financial assets that are measured through profit or loss			
- Forward foreign currency contracts	12	-	-
		-	-
Financial assets that are debt instruments measured at amortised cost			
- Trade receivables	12	1,349,225	975,500
- Other receivables		278,662	241,643
- Amounts recoverable under contracts	12	1,495,106	1,591,886
		3,122,993	2,809,029
Financial liabilities at fair value through profit or loss			
- Forward foreign currency contracts	13	20,029	76,234
		20,029	76,234
Financial liabilities measured at amortised cost			
- Bank loans and overdrafts	15	369,764	415,720
- Amounts owed to group undertakings	13/14	5,215,880	4,726,158
- Trade creditors	13	539,514	163,010
- Accruals	13	167,312	157,728
		6,292,470	5,462,616

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 2016		
No. of Forward Sell Contracts	1	1
As at 30 September 2017		
No. of Forward Sell Contracts	1	-

The company is committed to sell EUR 691,000 (2016: EUR 1,500,000).

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.

Notes to the financial statements
For the year ended 30 September 2017 (continued)

18 Financial instruments (continued)

The Fair Value of Forward Contracts at 30 September 2017 was £593,712 (2016: £1,228,196).

The company has no interest rate derivative financial instruments (2016: none).

19 Called up Share capital

Ordinary shares of £1.00 each

	No.	£
Allotted and fully paid		
At 30 September 2016	2	2
At 30 September 2017	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 years:

	2017	2016
Payments due	£	£
Not later than one year	392,206	58,121
Later than one year and not later than five years	1,502,640	8,361
Later than five years	1,533,851	-
	3,428,697	66,482

On the 1st December 2016 the company entered into a new 10 year building lease for its head office. The annual rent commitment under this lease is £349,248.

The company had no other off-balance sheet arrangements.

Notes to the financial statements
For the year ended 30 September 2017 (continued)

21 Related party transactions

The company has taken advantage of the exemption allowed under FRS 102 paragraph 33.1A, not to disclose transactions or balances with other entities that are wholly-owned within the group.

During the year, the company entered into the following transactions with related parties:

£nil (2016: £nil) was paid to the Forces in Mind Trust, a charity linked to RAND Europe by common directorship of Hans Pung, but a contract is in place for work to start in FY18.

All related party transactions were subject to RAND Europe's standard payment terms and conditions.

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 2017. Copies of RAND Corporation's financial statements can be obtained from RAND Europe Community Interest Company, Westbrook Centre, Milton Road, Cambridge, CB4 1YG.

23 Post balance sheet events

There are no post balance sheet events to disclose.

100687/15

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 2017

Please ensure the company name is consistent with the company name entered on the accounts.

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 the community in the way outlined above and guided us in seeking to further enhance these benefits and 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.

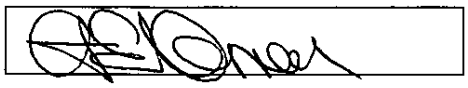
PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that "no transfer of assets other than for full consideration has been made" 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 30/1/2018

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)