

**THE INSTITUTE FOR FISCAL STUDIES**  
**(A Company Limited by Guarantee not having**  
**a Share Capital and a Registered Charity)**

**Company Registered Number: 954616**  
**Registered Charity: 258815**

**EXECUTIVE COMMITTEE REPORT AND**  
**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**



**THE INSTITUTE FOR FISCAL STUDIES**  
**(A Company Limited by Guarantee not having a Share Capital)**  
**EXECUTIVE COMMITTEE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

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**THE INSTITUTE FOR FISCAL STUDIES**  
**(A Company Limited by Guarantee not having a Share Capital)**  
**COMPANY INFORMATION**

**COMPANY REGISTERED OFFICE:** 7 Ridgmount Street  
London  
WC1E 7AE

**COMPANY REGISTERED NUMBER:** 954616

**REGISTERED CHARITY NUMBER:** 258815

**COMPANY BANKERS:**

National Westminster Bank plc  
City of London Office  
1 Princes Street  
London  
EC2R 8PA

CCLA Investment Management Ltd  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

**AUDITORS:**

BDO LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

**SOLICITORS:**

Penningtons Solicitors LLP  
Abacus House  
33 Gutter Lane  
London EC2V 8AR

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**7 Ridgmount Street, London, WC1E 7AE**  
**REPORT OF THE EXECUTIVE COMMITTEE**  
**YEAR ENDED 31 DECEMBER 2012**

The Executive Committee presents the report and financial statements of the Institute for Fiscal Studies for the year ended 31 December 2012.

## **Structure, Governance and Management**

### ***CONSTITUTION***

The Institute for Fiscal Studies was incorporated by guarantee on 21 May 1969. It has no share capital and is a registered charity. The guarantee of each member is limited to £1. The governing document is the Memorandum and Articles of Association of the company and members of the Executive Committee are the Directors of the company. As at 31 December 2012 the number of guarantees was 589.

### ***MEMBERS OF THE EXECUTIVE COMMITTEE***

The Executive Committee, which is made up of the Trustees of the Institute, is established by the IFS Council. The Members of the Council are elected by Members of the Institute in General Meeting. The Executive Committee met four times during the year during the year. Committee membership during the year was:

M Brookes	D Lievesley
F Cairncross (Chairman of the Executive Committee)	R Lomax (President)
J F Chown	D Miles
M R Cole (from 26 November)	I Menzies-Conacher (Honorary Company Secretary)
C Davidson	V Pryce (to 5 November)
W J Hopper	M Robson

### ***INDUCTION AND TRAINING OF TRUSTEES***

During 2004 a programme of training and induction of Trustees was developed and approved by the Executive Committee. A major feature of keeping Trustees up to date with IFS research is covered by a rolling programme of research presentations made at each meeting of the Executive Committee. An induction programme for the new Member of the Committee who joined in 2012 was scheduled to be held before she attended her first meeting.

### ***ORGANISATION STRUCTURE OF THE INSTITUTE AND DECISION MAKING PROCESS***

The operational responsibilities of the Institute are delegated to the Director of the Institute via a "Scheme of Delegation" who in turn delegates various duties to senior staff via an "Internal Scheme of Delegation". During the year there were no changes to the Principal Officers.

Director	P Johnson
Executive Administrator	R H Markless

The Institute employed directly an average of 64 (2011: 54) full and part-time staff based at its offices in London. Research staff are divided into sectors and a small core of administrative and secretarial staff provide support facilities. The Institute also employed indirectly 22 (2011: 21) senior academic staff based at UK universities on a part-time basis. In addition, a number of other academics from both UK and overseas institutions work with the staff as Research Fellows and Research Associates on an *ad-hoc* collaborative basis. IFS also offers support to PhD scholars who are normally registered at University College London. During 2012 the Institute supported 7 Scholars (2011: 10 Scholars).

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**YEAR ENDED 31 DECEMBER 2012**

***RISKS AND INTERNAL CONTROL***

The Executive Committee has overall responsibility for ensuring that the Institute has appropriate systems of control, both financial and operational. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

During the year, the Executive Committee continued to review the major financial and operational risks facing the Institute. It continues to monitor, on an annual basis, the implementation of any changes necessary to ensure that, as far as is reasonable, controls are in place to protect the Institute, its Members, its staff, the general public and other stakeholders.

The primary risks relate to financial issues and in particular to the reliance on the Economic and Social Research Council (ESRC) for a large proportion of the Institute's research funds (see Financial Results below on page 8). However, this funding represents a mix of long-term and short-term funding, which reduces the immediate risk. Additionally, a significant proportion of our staffing costs relate to staff from UK universities whose funding is explicitly aligned with ESRC funding, meaning that these costs can be reduced or terminated in line with the funding stream. Finally, the Institute continues to seek to diversify its funding sources in order to spread the risk, which it did in 2012. Looking forward, a further risk is associated with the planned departure of the IFS Executive Administrator Robert Markless in late summer 2013 after nearly 30 years in that role. It is crucial that his successor is successfully integrated into the Institute.

## **Objectives and Activities**

***OBJECTS OF THE INSTITUTE***

To advance education for the benefit of the public by promoting on a non-political basis the study and discussion of and the exchange and dissemination of information and knowledge concerning national economic and social effects and influences of existing taxes and proposed changes in fiscal systems.

So as to advance this objective, IFS expects to retain the right to publish its reports openly in order to inform public debate and policy making. As such, in February 2001, the Executive Committee reiterated its commitment to this policy (see <http://www.ifs.org.uk/about/guidelines.pdf>). The Executive Committee confirm that they have complied with the duty in Section 17 of the Charities Act 2012 and have taken due regard of the Charity Commission's general guidance on public benefit. Examples as to how the Institute has aimed to meet its Public Benefit are given below where Institute's achievements are reported.

***STRATEGIC DEVELOPMENT***

IFS operates within a strategic framework agreed by the Executive Committee in 2005. The six areas covered by the framework are maintaining excellence in research, preserving independence and impartiality in policy analysis, engaging with a wide range of stakeholders, financial viability and good management, good governance and supporting Institute Members. The framework can be found on the IFS website at <http://www.ifs.org.uk/about/strategy.pdf>.

***HOW HAS THE INSTITUTE TRIED TO FURTHER THESE AIMS?***

During the year the Institute has carried out a wide range of research and has publicised the resulting findings as widely as possible through publications, conference participation, on its own web site and in the media.

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## **Achievements and Performance**

### ***WHAT HAS THE INSTITUTE ACHIEVED DURING THE YEAR?***

IFS aims to carry out and publish high quality, policy-relevant research in order to inform the public debate amongst a wide audience, producing reports tailored to different groups and contributing to public policy debate in different arenas. **47** (2011: 49) research projects have been completed this year and, in addition to providing final reports to funders, the Institute has produced a range of outputs.

IFS held **89** (2011: 96) conferences, seminars and briefings, attended by an audience of policymakers, journalists, practitioners and academics; staff took part in many more external events to different audiences across the UK and abroad. In addition, **14** (2011:11) training courses aimed particularly at civil servants and **5** (2011: 5) masterclasses aimed at postgraduate researchers were held under the auspices of the Centre for Microdata Methods and Practice (cemmap). An additional 3 training courses and 1 masterclass was organised under the auspices of the NCRM node Programme Evaluation for Policy Analysis (PEPA). IFS staff continue to serve on a range of committees and editorial boards, to give evidence to select committees and to advise on policy issues wherever possible; meetings were also held with senior representatives from the IMF, the European Commission and representatives from a range of countries.

With an academic audience in mind, during the year **50** (2011: 75) articles were published in peer-reviewed journals and **22** (2011: 20) working papers were produced. Over **140** (2011: 200) papers and talks were given by IFS researchers over the year to both academic and policy audiences. In addition to a quarterly journal, *Fiscal Studies*, which publishes articles about applied economic policy, IFS staff produced **56** (2011: 32) non-academic reports and briefing notes. Researchers have published **20** (2011: 20) short policy-related topical briefings ('Observations') online throughout the year. These have been syndicated via RSS and Atom feeds and have been widely used, both in the traditional media and the blogosphere.

Much of this work has been widely reported in the media and referred to frequently in Parliament. During 2012 the ESRC have provided us with independent monitoring statistics which showed that IFS had 1,309 mentions on radio and television, we were mentioned 2,152 times in the printed press and 6,429 times in the online press.

A fuller account of the Institute's activities can be found on its web site ([www.ifs.org.uk](http://www.ifs.org.uk)).

### ***IMPORTANT EVENTS DURING 2012***

With over 1800 delegate places booked, the IFS events programme in 2012 attracted a great deal of interest from a wide and varied audience. IFS researchers held briefings to launch key pieces of research on household saving, reforming Council Tax Benefit, poverty and inequality trends, higher education funding and access, the effects of the financial crisis on older households and the adequacy of incomes in retirement, and on the tax and benefit system over the life-cycle. In addition, we held annual flagship events: our Green Budget in February, post-Budget briefing in March and post-Autumn Statement briefing in December. All of these attracted a large number of delegates and a great deal of media interest.

The Green Budget 2012 was held for the first time with support from Oxford Economics and direct funding from the ESRC. Attendance was substantially higher than 2011 (360 in 2012, 270 in 2011) and the event was well received. Media coverage was good with interviews given to the Today Programme, BBC Radio Wales, BBC Radio Scotland, Radio 5 Live, BBC 1pm News, Sky News and BBC radio 4 World at One. The Green Budget was also mentioned over 200 times by the print press, including The Times, The Scotsman, The Guardian, City AM, Daily Telegraph, Daily Mail and Financial Times.

Another flagship event was the 2012 Annual lecture 'Numbers and Public Policy' by Andrew Dilnot. This event was hosted by the School of Social Science and Public Policy, Kings College London and was fully booked with over 200 delegates. Feedback has been extremely positive and the recording has been downloaded over 1000 times (recording these sorts of events has certainly widened our impact; a statistician from St Helena in the South Atlantic even arranged a viewing with local government and council members).

Finally, we organised a successful residential conference on 'HMRC and the taxpayer' in September 2012. Working closely with industry and the HMRC we had 90 speakers and delegates attend, including a heads of tax from large multi-nations, senior civil servants, not-for-profit and practitioners from accountancy and law firms. Lin Homer and Edward Troup, HMRC, were two key-note speakers and feedback has been extremely positive with key HMRC officials indicating that they would be supportive of another similar event.

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**REPORT OF THE EXECUTIVE COMMITTEE**  
**YEAR ENDED 31 DECEMBER 2012**

## **Financial Review**

### ***FINANCIAL RESULTS FOR THE YEAR***

The results for the year are shown in the Statement of Financial Activities on page 12 and show a modest increase in both income and expenditure.

During 2011 the Executive Committee concluded that under current expenditure patterns the Institute should increase its cash holdings in line with its Reserves Policy. It was decided that the Institute should, by the end of 2013, have cash holdings (excluding any foreign currency holdings received in advance in respect of specific projects) equivalent to three months average expenditure. The Institute was able to achieve this by the end of 2012.

In order to meet this target, the financial policy laid down by the Executive Committee for 2012 was that the Institute should aim to raise a surplus of some £200,000 during the year. Members of the Executive Committee requested that any marginal surpluses from membership, conferences and publications should be utilised and this was expected to raise about £100,000. The remaining £100,000 should be sought from a surplus on our research activities. This target was met and a small additional surplus was made.

The Statement of Financial Activities on page 12 shows that overall a surplus of **£223,739** was made in 2012 (2011: £200,738) representing investment income of **£19,036** (2011: £6,152), a foreign exchange loss of **£1,318** (2011: loss of £3,434) and a surplus on operating activities of **£206,021** (2011: £198,020).

The Institute attempts to raise its research funds from a range of organisations so that it is not dependent upon a single source of funding. Although **46%** was provided by the Economic and Social Research Council (44% in 2011) it covers a wide range of projects. With regard to its publishing and mainstream conference activities, the Institute aims to keep prices as low as possible to maximise public access to its findings. All publications are made available free of charge on the website. Conferences run by its Centre for Microdata, Methods and Practice (cemmap) aim to make a moderate surplus which contributes to the IFS' overhead recovery. Expenditure in these areas includes the relevant proportion of staff costs involved.

The investment policy of the Executive Committee has been to invest cash reserves in interest-bearing accounts and not to risk any of the principal. Most of the money is held in the COIF Charities Deposit Fund but during the year the Executive Committee agreed to set aside £500,000 in a one-year Enhanced Fixed Rate Deposit with NatWest offering 3.25%. This bond matures in May 2013.

### ***RESERVES POLICY***

The reserves policy is twofold: one, to hold funds for working capital purposes; and two, to reflect the net book value of fixed assets.

The Institute requires reserves to be held in the General Fund as working capital and as a contingency should sufficient new funding not emerge or should existing contracts be cancelled. Working capital is necessary because most of IFS' income is receivable in arrears whilst many payments are made monthly or quarterly in advance. The General Fund reflects the Institute's net current assets. The target for the General Fund is to reach a level to cover approximately three months expenditure. Although this target was met at the end of 2012, projected expenditure is forecast to increase in 2013 and Trustees wish to continue to raise a modest surplus in 2013 so that the General Fund continues to meet this target.

A Fixed Asset Reserve was established in 2010 such that this Reserve would be equivalent in value to the net book value of the Institute's fixed assets. The value of our fixed assets at year end was higher than at the beginning of the year and so the Reserve has been increased accordingly following a transfer from the IFS General Fund.

The reserves policy is subject to active review in the light of prevailing circumstances but during the year the Executive Committee made no changes to the existing policy.



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**YEAR ENDED 31 DECEMBER 2012**

## **Plans for the Future Period**

### ***FUTURE DEVELOPMENTS***

During 2013 we once again intend to play a leading role in informing public debate on a range of fiscal and economic issues. We will use our Green Budget to inform policymakers and commentators about policy options and as a vehicle for improving the making of public policy. We will present our findings to meetings of parliamentarians and journalists. On other issues of public interest we will be launching and disseminating work on:

- The fiscal consequences of Scottish independence. We intend to inform the debate on independence by publishing high quality non-partisan analysis looking at tax and spending options and long term public finance forecasts. We will launch work at events in London and Edinburgh.
- Changing income inequality. Using the most up to date data we will be publishing and launching work looking at how the distribution of income and levels of poverty in the UK are changing. We will also publish analysis of the distributional consequences of tax and benefit changes, We believe these analyses provide crucial input into public understanding of economic change;
- Productivity and the labour market. We are launching new work attempting to develop understanding of how the labour market has changed since the recession, what is driving patterns of unemployment and wage falls and what is happening to productivity;
- Pensions and retirement. We will provide detailed evidence on the likely effects of new government policy on pensions and will publish new work developing understanding of what drives retirement behaviour. Both are crucial inputs into the development of sound long term policies;
- Health. We will be publishing new work looking at the effects of competition and the role of independent providers in the NHS and will be running two significant conferences aimed at engaging and informing policymakers and academics.

**THE INSTITUTE FOR FISCAL STUDIES**  
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**STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE**  
**YEAR ENDED 31 DECEMBER 2012**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charity and of the incoming resources and application of resources, including its income and expenditure, of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

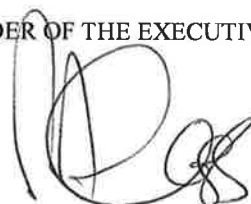
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements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

So far as each of the trustees at the time the report is approved are aware:

- there is no relevant audit information of which the auditors are unaware; and that
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

BY ORDER OF THE EXECUTIVE COMMITTEE,



Frances CAIRNCROSS

(Chairman of the Executive Committee)  
14 May 2013

**THE INSTITUTE FOR FISCAL STUDIES**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**THE INSTITUTE FOR FISCAL STUDIES**  
**YEAR ENDED 31 DECEMBER 2012**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE FOR FISCAL STUDIES**

We have audited the financial statements of The Institute for Fiscal Studies for the year ended 31 December 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes]. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

BDO LLP

Karen Thompson  
Senior Statutory Auditor  
for and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

Date: 22 May 2013


BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)




**THE INSTITUTE FOR FISCAL STUDIES**  
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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	142,560	87,099
<b>CURRENT ASSETS</b>			
Debtors	9	763,492	985,515
Bank deposits (COIF)		1,002,022	943,440
Fixed term deposit		510,156	-
Cash at bank and in hand		1,347,668	1,332,020
		<u>3,623,338</u>	<u>3,260,975</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>2,115,250</u>	<u>1,921,165</u>
<b>NET CURRENT ASSETS</b>		<u>1,508,088</u>	<u>1,339,810</u>
<b>NET ASSETS</b>		<u><u>1,650,648</u></u>	<u><u>1,426,909</u></u>
<b>UNRESTRICTED FUNDS</b>			
General Funds	11	1,508,088	1,339,810
Fixed asset reserve	11	142,560	87,099
		<u>1,650,648</u>	<u>1,426,909</u>

Approved and authorised for issue by the Executive Committee on 14th May 2013

  
 Rachel LOMAX

  
 Frances CAIRNCROSS

**THE INSTITUTE FOR FISCAL STUDIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

**1 ACCOUNTING POLICIES**

The accounts have been prepared in accordance with applicable accounting standards. They have also been prepared in accordance with the recommendations contained in the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005. The Institute has taken the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'.

Total incoming resources including interest amounted to £6,027,508 (2011: £5,916,468).

The principal accounting policies applied in the preparation of the accounts are as follows:-

**(a) Accounting convention**

The accounts have been prepared under the historical cost convention.

**(b) Tangible fixed assets and depreciation**

All tangible fixed assets costing more than £250 are capitalised and depreciated. Depreciation of fixed assets is calculated to write off the cost of each asset over the term of its estimated useful life.

The Executive Committee had determined that all costs relating to refurbishment of the premises and any furniture be depreciated over five years and all other assets depreciated over three years. Assets are written off on a straight-line basis commencing from the quarter after the date of purchase. Where the length of any remaining lease is less than five years then any refurbishment costs are depreciated up to the end of the year in which the lease comes to an end.

**(c) Subscriptions and donations**

These are credited to the Statement of Financial Activities to the year to the extent that they are received by the time the accounts are prepared.

**(d) Publication sales**

Sales of books and publications are credited to the Statement of Financial Activities in respect of sales for the year. No value is placed on book stocks.

**(e) Research contract grants**

The Institute is usually legally entitled to income from research contract grants in stages over the course of each project, which approximates to when related expenditure was expected to be incurred. Accordingly, all research contract grant income is credited to the Statement of Financial Activities when it falls due to be received to the extent that it is matched by relevant expenditure. Any income received in advance of expenditure is treated as deferred income.

Funding of £433,683.79 was received from the 3ie under a contract to evaluate childcare centres in Rio de Janeiro. Of this £367,916 was spent in 2011 on the baseline survey and a further £17,213 was spent in 2012. A follow up survey is planned for 2013.

**(f) Allocation of expenses**

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. Indirect overhead costs (eg premises and administration) are allocated pro-rata to the value of each activity, as shown in note 5.

**(g) Governance costs**

Governance costs are those incurred in connection with the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

**(h) Pension costs**

The pension cost charge represents contributions payable by the Institute to employees' personal pension plans in respect of the year.

**(i) Operating leases**

Leasing charges in respect of operating leases are charged to the Statement of Financial Activities as they are incurred.

**(j) Foreign currency**

IFS opened a Euro account in 2004 and a Dollar account in 2008 and the value of the balance at the end of the year was based on the exchange rate as at 31 December 2012. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and the Institute-wide foreign exchange loss made during the year has been deducted from the Incoming Resources from Generated Funds.

**(k) Restricted Funds**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

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2	<b>MEMBERSHIP SUBSCRIPTIONS</b>	<u>2012</u>	<u>2011</u>
		£	£
	Corporate	51,150	40,798
	Partnerships	15,850	8,850
	Individuals	12,855	13,660
		<u>79,855</u>	<u>63,308</u>

3 **EXPENDITURE ON RESEARCH ACTIVITIES**

Staff costs	3,916,715	3,612,076
Direct Project costs	903,754	1,207,927
Premises	437,563	423,943
IT and office costs	198,674	193,067
Insurance and professional fees	40,570	40,038
Public relations and events	10,884	13,451
Irrecoverable VAT	50	1,274
Miscellaneous	18,412	16,022
	<u>5,526,622</u>	<u>5,507,797</u>

"Direct project costs" includes payments to outside bodies which work together with the IFS on particular projects. Where the Institute is the lead organisation it receives funding from the grant giving body for all participating organisations for onward transmission.

4 **GOVERNANCE COSTS**

Staff costs	15,372	15,237
Audit remuneration	8,400	8,200
Trustee indemnity insurance, Companies House fees, Certificates	3,468	3,520
Meeting costs and Council Members' travel costs	2,061	892
	<u>29,301</u>	<u>27,849</u>

Members of the Executive Committee received no remuneration in respect of their duties as members of the Executive Committee but are able to claim travel expenses in furtherance of their duties. In 2012 no Member claimed any travel expenses (no expenses claimed in 2011).

**RELATED PARTY TRANSACTIONS**

Lorraine Dearden, a member of Paul Johnson's close family, is paid as an IFS Research Fellow at the standard rate of **£5,000** (2011: £5,000). Her initial appointment pre-dates his term as Director and is reviewed annually by the Research Director. In addition IFS paid her employer, the Institute of Education, a contribution of **£64,188** (2011: £63,622) towards her full employment costs to carry out duties at IFS. The buyout from her university pre-dates Paul Johnson's appointment as Director and was agreed by his predecessor.

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**5 TOTAL RESOURCES EXPENDED**

	Staff costs	Depreciation	Other	Total 2012	Total 2011
	£	£	£	£	£
Research activities	3,916,715	61,646	1,548,261	5,526,622	5,507,797
Publications	23,049	363	31,043	54,455	45,301
Conferences	39,678	625	91,180	131,483	80,625
Membership	51,437	809	9,662	61,908	54,158
Governance	15,372	242	13,687	29,301	27,849
	<u>4,046,251</u>	<u>63,685</u>	<u>1,693,833</u>	<u>5,803,769</u>	<u>5,715,730</u>

**6 STAFF COSTS**

	2012	2011
Wages and salaries	2,365,088	2,044,691
Social security costs	243,015	216,605
Pension costs (see note 13)	320,915	282,033
	<u>2,929,018</u>	<u>2,543,329</u>
Staff from universities	988,294	992,836
Research Fellows and Research Associates, Graduate Scholars and other associated research staff costs	128,939	196,486
	<u>4,046,251</u>	<u>3,732,651</u>

Staff costs have been allocated to expenditure headings where they can be specifically identified as in note 5. The average number of employees (FTE) analysed by function, was:

	2012	2011
Research activities	44.41	38.35
Publications	0.57	0.54
Conferences	0.91	0.80
Membership	0.40	0.48
	<u>46.29</u>	<u>40.17</u>

The emoluments of the employees (excluding pension contributions) fell in the following ranges in excess of £60,000.

	Number of employees	
	2012	2011
£60,001 - 70,000	1	1
£70,001 - 80,000	-	-
£80,001 - 90,000	1	-
£90,001 - 100,000	-	1
£100,001 - 110,000	-	-
£110,001 - 120,000	1	1

Pension contributions were paid by the Institute on behalf of all three employees noted above. The total sum of these contributions was £ 96,817 (2011: £93,012).



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<b>7</b>	<b>NET INCOMING RESOURCES FOR THE YEAR</b>	<u><b>2012</b></u>	<u><b>2011</b></u>
		£	£
	This is stated after charging:		
	Depreciation	63,685	71,802
	Trustees reimbursed expenses	-	-
	Auditor's remuneration		
	- audit	8,400	8,200
	- other services	4,000	5,750
	Operating lease rentals		
	- property	<u>305,000</u>	<u>305,000</u>

<b>8</b>	<b>TANGIBLE FIXED ASSETS</b>	<b>Fixtures and improvements to short leasehold premises</b>	<b>Office equipment</b>	<b>Total</b>
		£	£	£
	<b>Cost</b>			
	At 1 January 2012	719,461	429,114	1,148,575
	Additions	-	119,146	119,146
	Disposals	-	(47,491)	(47,491)
	At 31 December 2012	<u>719,461</u>	<u>500,769</u>	<u>1,220,230</u>
	<b>Depreciation</b>			
	At 1 January 2012	690,570	370,906	1,061,476
	Charge for the year	17,160	46,525	63,685
	Disposals and assets no longer in use	-	(47,491)	(47,491)
	At 31 December 2012	<u>707,730</u>	<u>369,940</u>	<u>1,077,670</u>
	<b>Net book amounts</b>			
	At 31 December 2012	11,731	130,829	142,560
	At 31 December 2011	28,891	58,208	87,099

All fixed assets are held for use on a continuing basis for the purpose of charity activities.

<b>9</b>	<b>DEBTORS</b>	<b>Unrestricted</b>	<b>2012</b>	<b>2011</b>
			Total	
	Research grants receivable (note 1e)	564,369	564,369	815,115
	Trade debtors	53,175	53,175	24,904
	Other debtors	12,623	12,623	15,412
	Pre-payments	<u>133,325</u>	<u>133,325</u>	<u>130,083</u>
		<u>763,492</u>	<u>763,492</u>	<u>985,515</u>

<b>10</b>	<b>CREDITORS</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>2012</b>	<b>2011</b>
				Total	
	<b>Amounts falling due within one year</b>				
	Grants received in advance of expenditure (notes 1e and 11)	58,788	1,849,755	1,908,543	1,427,353
	Taxation and social security	-	90,136	90,136	72,536
	Accrued expenses	-	116,571	116,571	421,276
		<u>58,788</u>	<u>2,056,462</u>	<u>2,115,250</u>	<u>1,921,165</u>

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**11 FUNDS**

	Restricted Funds	Unrestricted Funds	Fixed Asset Reserve	Total
Reserves at 1 January 2012	-	1,339,810	87,099	1,426,909
Incoming Resources	135,747	5,891,761	-	6,027,508
Outgoing resources	135,747	5,668,022	-	5,803,769
Transfers between funds	-	(55,461)	55,461	-
<b>Reserves at 31 December 2012</b>	<b>-</b>	<b>1,508,088</b>	<b>142,560</b>	<b>1,650,648</b>

Restricted funds represent support received from the Nuffield Trust under three performance related grant agreements one of which was completed during the year. In total £135,747 was spent on these three grants with £58,788 deferred to future periods in respect of the remaining two projects.

Unrestricted funds are available for use at the discretion of the Executive Committee in furtherance of the general objects of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Executive Committee for particular purposes. The fixed asset reserve represents the net book value of the tangible fixed assets as at the balance sheet date.

The aim and use of each fund is set out in the Reserve Policy Section on page 8 of the Report of the Executive Committee.

**12 OPERATING LEASE COMMITMENTS**

At the end of the year the Institute had operating lease commitments in respect of buildings running to 21 June 2014 to pay during the following year as follows:

	<u>2012</u> £	<u>2011</u> £
Contracts expiring:		
After one year but less than five years	305,000	305,000

**13 PENSION SCHEME**

The total pension cost to the Institute for the contributions to employees pension shares under group personal pension plans with Scottish Widows and Phoenix Life was £261,530 (2011: £272,648). In addition two members of staff (2011: one) participate in other personal pension schemes of their own choice, to which the Institute contributed £59,385 (2011: £9,385).

	<u>2012</u> £	<u>2011</u> £
Scottish Widows/Phoenix Life	261,530	272,648
Other	59,385	9,385
<b>Total</b>	<b>320,915</b>	<b>282,033</b>

**14 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted	Unrestricted		Total
		General	Fixed Asset Reserves	
	£	£	£	£
Tangible fixed assets	-	-	142,560	142,560
Net current assets	-	1,508,088	-	1,508,088
	<b>-</b>	<b>1,508,088</b>	<b>142,560</b>	<b>1,650,648</b>