

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

EXECUTIVE COMMITTEE REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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

Company Number: 954616

EXECUTIVE COMMITTEE REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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THE INSTITUTE FOR FISCAL STUDIES
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EXECUTIVE COMMITTEE REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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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

COIF Charities Deposit Fund
CCLA Investment Management Ltd
80 Cheapside
London
EC2V 6DZ

AUDITORS: PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

SOLICITORS: Penningtons Solicitors LLP
Bucklersbury House
83 Cannon Street
London
EC4N 8PE

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
(Company Registered Number: 954616)
Registered Charity: 258815
7 Ridgmount Street, London, WC1E 7AE
REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2011

The Executive Committee presents the report and financial statements of the Institute for Fiscal Studies for the year ended 31 December 2011.

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.

MEMBERS OF THE EXECUTIVE COMMITTEE

The Executive Committee, which had four scheduled meetings during the year, is established by the IFS Council. The Members of the Council are elected by Members of the Institute in General Meeting. Committee membership during the year was:

M Brookes (from 11 July)	R Lomax (President)
F Cairncross (Chairman of the Executive Committee)	J J Maynes (to 26 September)
J F Chown	D Miles (from 11 July)
C Davidson	I Menzies-Conacher (Honorary Company Secretary)
W J Hopper	V Pryce
D Lievesley	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 2011 was held early in July.

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 54 (2010: 50) 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 21 (2010: 20) 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 2011 the Institute supported 10 Scholars (2010: 10 Scholars).

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REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2011

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 5). 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 2011.

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 2011 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.

THE INSTITUTE FOR FISCAL STUDIES
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REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2011

Achievements and Performance

WHAT HAS THE INSTITUTE ACHIEVED DURING THE YEAR?

IFS aims to carry high quality, policy-relevant research which it publishes; it aims to inform the public debate to a wide audience, producing reports tailored to different groups and contributing to public policy debate in different arenas. **49** (2010: 51) research projects have been completed this year and, in addition to providing final reports to funders, the Institute has produced a range of outputs. With an academic audience in mind, during the year **93** (2010: 78) articles were published in peer-reviewed journals and **20** (2010: 24) working papers were produced. Over **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 **32** (2010: 28) non-academic reports and briefing notes. It held **96** (2010: 90) 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, **11** (2010:11) training courses aimed particularly at civil servants and **5** (2010: 3) masterclasses aimed at postgraduate researchers were held under the auspices of the Centre for Microdata Methods and Practice (cemmap). 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. Much of this work has been widely reported in the media and referred to frequently in Parliament. During 2011 IFS staff made many appearances on radio and television with over **400** clips played throughout the year (2010: 100); IFS was mentioned over **1,200** (2010: 2,500) times in the printed press and over **800** times by online press. Researchers have published **20** (2010: 35) 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.

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

IMPORTANT EVENTS DURING 2011

Continuing pressures on the public finances and the tough policy choices facing the Coalition mean that an independent, authoritative voice has never been more important. As well as responding to policy announcements as they happen, IFS researchers have held briefings to launch key pieces of research on household saving, school funding reform, month of birth and how this affects later outcomes, 'nudge' theory in relation to the labelling of the Winter Fuel Payment, and trends in poverty and inequality.

The Green Budget 2011 was held once again with Barclays Capital and Barclays Wealth and attracted in excess of 270 delegates. Immediately after the event interviews were given to SKY news, BBC news (1pm, 6pm and 10pm), the Press Association, Bloomberg, Citywire, ITV news and Channel 4 news and findings from the report subsequently appeared in more than 40 hard-copy newspaper articles. In February alone, the Green Budget document was downloaded 4,415 times and was quoted several times in parliament.

Another flagship event was the 2011 Annual lecture 'Rethinking policy towards global policy' by Esther Duflo, Massachusetts Institute of Technology. This event was held at the European Bank for Reconstruction and Development and attracted in excess of 320 delegates; our largest lecture to date. This event provided an important opportunity to promote and communicate the work of the Centre for the Evaluation of Development Economics at IFS to a large and varied audience, a third of whom had never before attended an IFS event.

Finally, we held two successful events on tax and tax design: the launch in London of the final Mirrlees Review volume in September 2011 and a joint IFS Tax Law Review Committee and Office for Tax Simplification conference in April 2011. Both engaged the business, policy and academic communities and have helped to inform the debate around tax design and effectiveness at a time when tax policy and the public finances are centre stage. Following the London launch the Mirrlees Review was later launched in Brussels and Washington.

Following the departure of Robert Chote to become Chairman of the Office for Budget Responsibility the Executive Committee appointed Paul Johnson as the new Director who took up the post from 1 January 2011.

Finally it was with regret that the Institute learnt of the death of Lord Croham, who had been IFS President 1978 to 1992. He will be remembered with gratitude for the support and encouragement he had given to IFS.

THE INSTITUTE FOR FISCAL STUDIES
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REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2011

Financial Review

FINANCIAL RESULTS FOR THE YEAR

The results for the year are shown in the Statement of Financial Activities on page 7 and show a modest increase in expenditure and a slightly larger increase in income.

During the year the Executive Committee concluded that under current expenditure patterns the Institute should increase its cash holdings in order to hold adequate 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. 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. At the beginning of 2011 these cash holdings represented some 1.65 months of expenditure.

As a result the financial policy laid down by the Executive Committee for 2011 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 we also should seek to make an additional surplus of £100,000 on our research activities. Together this was expected to result in an increase in our cash holdings equivalent to 0.4 months of expenditure.

By seeking similar amounts in 2012 and 2013 it is expected that the target cash holding equivalent to three months will be met.

The Statement of Financial Activities on page 9 shows that overall a surplus of **£200,738** was made in 2011 (2010: £6,103) representing investment income of **£6,152** (2010: £4,344), a foreign exchange loss of **£3,434** (2010: gain of £68) and a surplus on operating activities of **£198,020** (2010: £1,691).

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 44% was provided by the Economic and Social Research Council (54% in 2010) it covers a range of projects and this proportion was significantly lower than in the previous year. 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. 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.

RESERVES POLICY

The reserve policy is subject to active review in the light of prevailing circumstances and during the year the Executive Committee agreed the following two changes in the Institute's reserves:

In 2010 a Fixed Asset Reserve was established 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 lower than at the beginning of the year and so the Reserve has been reduced accordingly following a transfer to the IFS General Fund.

Following the winding up of IFS NW in 2006 a designated reserve to support activities of Pro-Manchester which related to the objects of the Institute was established for a period of five years in the first instance from 10 May 2006. Since no funds had been spent for this purpose throughout the five year period Trustees decided to transfer these funds back to the IFS General Funds following the end of the five-year period.

THE INSTITUTE FOR FISCAL STUDIES
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STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2011

Plans for the Future Period

FUTURE DEVELOPMENTS

The welcome continuation of the existing ESRC Research Centre for the Microeconomic Analysis of Public Policy for five years from October 2011 will be the foundation for all IFS research going forwards over this period. In addition IFS researchers will be building on the significant investment made in the Mirrlees Review. We are also seeking to expand the scope of our research to cover analysis relating to the reform of public services, which is a crucial policy issue not least given the size of the public service spending cuts planned over the next four years. The Institute's online presence will be expanded by posting news and publications feeds on Twitter.

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.

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 2012

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE INSTITUTE FOR FISCAL STUDIES
YEAR ENDED 31 DECEMBER 2011

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 2011 which comprise the Statement of Financial Activities, Balance Sheet and the Notes to the Financial Statements. 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Executive Committee Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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 matter prescribed by the Companies Act 2006

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

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 2011

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 in respect of the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements do not accord with the accounting records and returns; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Karen Thompson (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK 22 May 2012

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
YEAR ENDED 31 DECEMBER 2011

Notes	Restricted	Unrestricted	2011 Total	2010 £
INCOMING RESOURCES				
Incoming Resources from Generated Funds				
Investment Income and Foreign Exchange Gains & Losses	-	2,718	2,718	4,412
Incoming Resources from Charitable Activities				
Research income	30,205	5,701,645	5,731,850	5,209,239
Membership subscriptions 2	-	63,308	63,308	66,164
Publication sales	-	46,177	46,177	47,854
Conference income	-	72,415	72,415	106,349
TOTAL INCOMING RESOURCES	30,205	5,886,263	5,916,468	5,434,018
RESOURCES EXPENDED				
Charitable Activities				
Research activities 3	30,205	5,477,592	5,507,797	5,151,850
Membership	-	54,158	54,158	64,504
Publications	-	45,301	45,301	53,928
Conferences	-	80,625	80,625	130,247
Governance Costs 4	-	27,849	27,849	27,386
TOTAL RESOURCES EXPENDED 5	30,205	5,685,525	5,715,730	5,427,915
NET INCOMING RESOURCES FOR THE YEAR 7	-	200,738	200,738	6,103
FUND BALANCES BROUGHT FORWARD AT 1 JANUARY 2011	-	1,226,171	1,226,171	1,220,068
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2011 11	-	1,426,909	1,426,909	1,226,171

There were no other recognised gains or losses other than the net incoming resources for the year.

All amounts relate to continuing operations.

THE INSTITUTE FOR FISCAL STUDIES
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BALANCE SHEET
YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
FIXED ASSETS					
Tangible assets	8		87,099		109,731
CURRENT ASSETS					
Debtors	9	985,515		1,363,989	
Charity Deposit Fund		943,440		737,679	
Cash at bank and in hand		1,332,020		1,000,759	
		<u>3,260,975</u>		<u>3,102,427</u>	
CREDITORS					
Amounts falling due within one year	10	<u>1,921,165</u>		<u>1,985,987</u>	
NET CURRENT ASSETS			<u>1,339,810</u>		1,116,440
NET ASSETS			<u><u>1,426,909</u></u>		<u><u>1,226,171</u></u>
FUNDS					
Unrestricted Funds	11		1,339,810		1,103,228
Fixed Asset Reserve	11		87,099		109,731
Pro-Manchester Reserve	11		-		13,212
			<u><u>1,426,909</u></u>		<u><u>1,226,171</u></u>

Approved and authorised for issue by the Executive Committee on 14 May 2012



.....
Rachel LOMAX


.....
Frances CAIRNCROSS

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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.

Total incoming resources including interest amounted to **£5,916,468** (2010: £5,434,018).

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.

(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 in 2010 from the 3ie under a contract to evaluate childcare centres in Rio de Janeiro. None of this was spent in 2010 but in 2011 £367,916 was spent on the baseline survey with all unspent funds being carried over to 2012.

(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 2011. 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 taken as part of 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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	2011	2010
	£	£
2 MEMBERSHIP SUBSCRIPTIONS		
Corporate	40,798	42,849
Partnerships	8,850	9,850
Individuals	13,660	13,465
	<u>63,308</u>	<u>66,164</u>
	<u><u>63,308</u></u>	<u><u>66,164</u></u>
3 EXPENDITURE ON RESEARCH ACTIVITIES		
	2011	2010
	£	£
Staff costs	3,612,075	3,397,738
Direct Project costs	1,207,927	1,067,909
Premises	423,943	417,754
IT and office costs	193,067	198,666
Insurance and professional fees	40,038	45,230
Public relations and events	13,451	14,402
Irrecoverable VAT	1,274	-52
Miscellaneous	16,022	10,203
	<u>5,507,797</u>	<u>5,151,850</u>
	<u><u>5,507,797</u></u>	<u><u>5,151,850</u></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	2011	2010
	£	£
Staff costs	15,237	15,318
Audit remuneration	8,200	7,900
Trustee indemnity insurance, Companies House fees, Certificates and Depreciation	3,520	3,348
Meeting costs and Council Members’ travel costs	892	820
	<u>27,849</u>	<u>27,386</u>
	<u><u>27,849</u></u>	<u><u>27,386</u></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 2011 no Member claimed any travel expenses (2010: £19).

Related Party Transactions

There were no related party transactions during the year.

THE INSTITUTE FOR FISCAL STUDIES
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

5 TOTAL RESOURCES EXPENDED

	Staff costs	Depreciation	Other	Total 2011	Total 2010
	£	£	£	£	£
Research activities	3,612,075	69,483	1,826,239	5,507,797	5,151,850
Publications	32,790	631	11,880	45,301	53,928
Conferences	26,152	503	53,970	80,625	130,247
Membership	46,397	892	6,869	54,158	64,504
Governance	15,237	293	12,319	27,849	27,386
	3,732,651	71,802	1,911,277	5,715,730	5,427,915

6 STAFF COSTS

	2011	2010
	£	£
Wages and salaries	2,044,691	1,968,823
Social security costs	216,605	212,896
Pension costs (see note 13)	282,033	285,981
	2,543,329	2,467,700
Staff from universities	992,836	891,143
Research Fellows and Research Associates, Graduate Scholars and other associated research staff costs	196,486	189,425
	3,732,651	3,548,268

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:

	2011	2010
Research activities	38.35	37.00
Publications	0.54	0.84
Conferences	0.80	0.95
Membership	0.48	0.49
	40.17	39.28

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

	Number of employees	
	2011	2010
£60,001 - 70,000	1	2
£70,001 - 80,000	-	-
£80,001 - 90,000	-	-
£90,001 - 100,000	1	-
£100,001 - 110,000	-	2
£110,001 - 120,000	1	-

Pension contributions were paid by the Institute on behalf of all three employees noted above. The total sum of these contributions was **£93,012** (2010 for four staff: £77,111).

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7	NET INCOMING RESOURCES FOR THE YEAR	2011	2010
		£	£
	This is stated after charging:		
	Depreciation	71,802	82,356
	Trustees reimbursed expenses	-	19
	Auditor's remuneration		
	- audit	8,200	7,900
	- other services	5,750	1,950
	Operating lease rentals		
	- property	<u>305,000</u>	<u>305,000</u>

8	TANGIBLE FIXED ASSETS	Fixtures and improvements to short leaseshold premises	Office equipment	Total
		£	£	£
	Cost			
	At 1 January 2011	705,863	393,543	1,099,406
	Additions	13,598	35,571	49,169
	At 31 December 2011	<u>719,461</u>	<u>429,114</u>	<u>1,148,575</u>
	Depreciation			
	At 1 January 2011	674,431	315,243	989,674
	Charge for the year	16,139	55,663	71,802
	At 31 December 2011	<u>690,570</u>	<u>370,906</u>	<u>1,061,476</u>
	Net book amounts			
	At 31 December 2011	<u>28,891</u>	<u>58,208</u>	<u>87,099</u>
	At 31 December 2010	<u>31,431</u>	<u>78,300</u>	<u>109,731</u>

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

9	DEBTORS	2011	2010
		£	£
	Research grants receivable (note 1e)	815,115	1,184,329
	Prepayments and accrued income	170,400	179,660
		<u>985,515</u>	<u>1,363,989</u>

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10 CREDITORS	2011			2010
	£ Restricted	£ Unrestricted	£ Total	£
Amounts falling due within one year				
Grants received in advance of expenditure (note 1e)	13,032	1,414,321	1,427,353	1,346,430
Taxation and social security	-	72,536	72,536	65,298
Accrued expenses	-	421,276	421,276	574,259
	<u>13,032</u>	<u>1,908,133</u>	<u>1,921,165</u>	<u>1,985,987</u>

11 FUNDS	Restricted Funds	Unrestricted Funds	Pro-Manchester Reserve	Fixed Asset Reserve	Total
Reserves at 1 January 2011	-	1,103,228	13,212	109,731	1,226,171
Transfers between funds	-	35,844	-13,212	-22,632	-
Incoming resources	30,205	5,886,263	-	-	5,916,468
Outgoing resources	30,205	5,685,525	-	-	5,715,730
Reserves at 31 December 2011	<u>-</u>	<u>1,339,810</u>	<u>-</u>	<u>87,099</u>	<u>1,426,909</u>

Restricted funds represent funds received from the Nuffield Trust under two performance related grant agreements. In total, £43,237 was received of which £30,205 was spent, with £13,032 deferred to future periods.

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 5 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:

	2011 £	2010 £
Contracts expiring: After one year but less than five years	<u>305,000</u>	<u>305,000</u>

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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 **£272,648** (2010: £276,642). In addition one member of staff participates in another personal pension scheme, to which the Institute contributed **£9,385** (2010: £9,340).

	2011	2010
	£	£
Scottish Widows/Phoenix Life	272,648	276,641
Other	9,385	9,340
Total	<u>282,033</u>	<u>285,981</u>

