

**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 2004**

**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 2004**

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**EXECUTIVE COMMITTEE REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

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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

**AUDITORS:** PKF  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

**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 2004**

**MEMBERS OF THE EXECUTIVE COMMITTEE**

G Aaronson QC (to 27 September)	W J Hopper
Lord Adebowale (from 29 November)	J J Maynes
J F Chown	I Menzies-Conacher (from 29 November)
R S Collier (Honorary Company Secretary)	M H Robson (to 12 July)
N C Dee (Chairman of the Executive Committee)	A Redston
Prof J Freedman (from 29 November)	N O Taube
K Green (from 29 November)	Sir John Vickers (President of IFS)

**PRINCIPAL OFFICERS**

Director	R Chote
Executive Administrator	R H Markless

The members of the Executive Committee present their report and the financial statements for the year ended 31 December 2004.

**CONSTITUTION**

The Institute is incorporated as a company limited by guarantee not having a share capital guarantee (No. 954616) and a registered charity (No. 258815). The governing document of the company is the Memorandum and Articles of Association.

**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.

**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.

**HOW IS THE INSTITUTE ORGANISED?**

The Institute employs directly some forty 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 employs a small number of senior academic staff on joint contracts with 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. A regional grouping of IFS members in NW England meet regularly to discuss matters of mutual interest and occasionally sponsor related activities in that area.

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

A number of research projects have been completed and in addition to providing final reports to funders the Institute has itself published 5 reports, 35 working papers, 12 on-line briefing notes and a quarterly journal. Publication has also taken place in outside journals and as contributions to many books. Much of this work has been widely reported in the media and referred to frequently in Parliament. The Institute also ran 14 conferences and lectures during the year and staff have participated in numerous conferences organised by other organisations. A fuller account of the Institute's activities can be found on its web site ([www.ifs.org.uk](http://www.ifs.org.uk)) where an increasing amount of IFS dissemination takes place.

**IMPORTANT EVENTS DURING 2004**

During 2004 the Institute heard that its bid for a further five years' funding for its ESRC Research Centre was approved as a top-rated bid, taking this "core funding" support to September 2009. In addition the Institute signed a new five-year lease at its existing premises ending in June 2009 to give improved accommodation and with a net increase in space to allow for continued modest expansion over the next few years.

**THE INSTITUTE FOR FISCAL STUDIES**  
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**REPORT OF THE EXECUTIVE COMMITTEE**  
**YEAR ENDED 31 DECEMBER 2004**

**FINANCIAL RESULTS FOR THE YEAR**

The results for the year are as shown in the Statement of Financial Activities on page 6 and show a steady increase in turnover reflecting the continued growth of IFS research and activities.

The financial policy laid down by the Executive Committee in 2004 was that the Institute should aim to break even at the operating level after any contributions to reserves. 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.

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 42% was provided by the Economic and Social Research Council (36% in 2003), covering a range of projects. With regard to its publishing and mainstream conference activities the Institute aims to break even, whilst keeping prices as low as possible to maximise public access to our findings. Conferences run by our Centre for Microdata Methods and Practice (*cemmap*) aim to make a moderate surplus which contributes to the overhead recovery of the Centre. Expenditure in these areas includes the relevant proportion of staff costs involved.

**RESERVES POLICY**

With a view to ensuring an adequate level of working capital is maintained, the Executive Committee's objective is to reach a position where the lower of either its cash reserves (as represented by all liquid assets) or book reserves (as represented by total fund balances) represents at least 20% of total annual expenditure. The Balance Sheet on page 7 indicates that whilst the latter of these objectives has been met cash reserves were still significantly below that level.

In 2001 the Committee decided that it would amend its financial policy to require the Institute to aim to make a surplus which would be transferred to reserves and in 2004 the surplus was set at 2% of turnover. This policy would be subject to review annually.

**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.

**STRATEGIC DEVELOPMENT**

During the year the Executive Committee considered a strategic framework for IFS, which was discussed by the Council. The 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 Executive Committee expects to finalise discussions during 2005.

**INDUCTION AND TRAINING OF TRUSTEES**

During the year a programme of training and induction of Trustees was developed and approved by the Executive Committee. Three of the new Trustees undertook the induction session and training of Trustees is on-going.

**FUTURE DEVELOPMENTS**

The Executive Committee plans to develop the activities of the Institute in furtherance of research into fiscal policy to include matters of international as well as of United Kingdom interest

**AUDITORS**

PKF is eligible for reappointment and a resolution to reappoint them will be put to the Annual General Meeting.

**THE INSTITUTE FOR FISCAL STUDIES**  
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**REPORT OF THE EXECUTIVE COMMITTEE**  
**YEAR ENDED 31 DECEMBER 2004**

**STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE**

Company law requires the Executive Committee (as the directors of the company) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute and of the surplus or deficit of the Institute for that period. In preparing those financial statements, the Executive Committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Institute will continue in business.

The Executive Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of The Institute for Fiscal Studies' web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The Executive Committee is responsible for ensuring that its report is prepared in accordance with Company and Charity law in the United Kingdom.

BY ORDER OF THE EXECUTIVE COMMITTEE,



N C DEE

(Chairman of the Executive Committee)  
25 April 2005

**THE INSTITUTE FOR FISCAL STUDIES**  
**(A Company Limited by Guarantee not having a Share Capital)**  
**REPORT OF THE EXECUTIVE COMMITTEE**  
**YEAR ENDED 31 DECEMBER 2004**

**AUDITORS' 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 2004 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the members of the Executive Committee and auditors**

The responsibilities of the members of the Executive Committee (who act as trustees for the charitable activities and who are the directors for the purposes of company law of The Institute For Fiscal Studies) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Executive Committee.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Executive Committee is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the Report of the Executive and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2004 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London, UK

*25 April*

2005

*PKF*

PKF  
Registered Auditors

**THE INSTITUTE FOR FISCAL STUDIES**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 DECEMBER 2004**

Notes

		<u>2004</u>	<u>2003</u>
		£	£
<b>INCOME AND EXPENDITURE</b>			
<b>Incoming resources from activities to further the objects</b>			
Membership subscriptions	2	77,062	88,488
Research contract grants		3,272,759	2,891,286
Publication sales		53,578	65,249
Conference income		124,341	143,070
Branch (deficit)/surplus	8	220	(215)
<b>INCOMING RESOURCES EXCLUDING INTEREST</b>		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		<b>3,527,960</b>	<b>3,187,878</b>
<b>Charitable resources expended</b>			
Research activities		2,540,725	2,238,071
Support for research activities	3	442,743	439,701
Publications		61,505	63,656
Conferences		86,604	92,349
Support for membership		65,494	61,445
Promotion of Institute's activities		9,565	9,548
Management and administration	4	250,388	235,459
<b>TOTAL RESOURCES EXPENDED</b>	5	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		<b>3,457,024</b>	<b>3,140,229</b>
<b>NET INCOMING RESOURCES FROM ACTIVITIES BEFORE INTEREST AND PRIOR YEAR ITEMS</b>		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		<b>70,936</b>	<b>47,649</b>
<b>INTEREST RECEIVABLE</b>		<b>20,748</b>	<b>15,812</b>
<b>TOTAL NET INCOMING RESOURCES FOR THE YEAR</b>		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		<b>91,684</b>	<b>63,461</b>
<b>FUND BALANCES BROUGHT FORWARD AT 1 JANUARY 2004</b>		<b>805,205</b>	<b>741,744</b>
<b>FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2004</b>	12	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		<b>896,889</b>	<b>805,205</b>

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**  
**31 DECEMBER 2004**

<b>FIXED ASSETS</b>	<u>Notes</u>	£ <u>2004</u>	£	£ <u>2003</u>	£
Tangible assets	9	137,016		136,637	
 <b>CURRENT ASSETS</b>					
Debtors	10	934,674		939,224	
Bank deposits		317,568		394,271	
Cash at bank and in hand		18,830		8,626	
		1,271,072		1,342,121	
 <b>CREDITORS</b>					
Amounts falling due within one year	11	511,199		673,553	
		759,873		668,568	
<b>NET CURRENT ASSETS</b>		<b>759,873</b>		<b>668,568</b>	
<b>NET ASSETS</b>		<b>896,889</b>		<b>805,205</b>	
 <b>UNRESTRICTED FUNDS</b>					
General Funds	12	896,889		805,205	
		<b>896,889</b>		<b>805,205</b>	

Approved by the Executive Committee on 25 April 2005



.....  
SIR JOHN VICKERS



.....  
N. C. DEE

Members of the Executive Committee

**THE INSTITUTE FOR FISCAL STUDIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**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 – Reporting and Accounting by Charities issued by the Charity Commission in October 2000 except that interest receivable has been included separately from other incoming resources in the Statement of Financial Activities for the reason given in the following paragraph.

As explained in the Report of the Executive Committee, the financial policy in 2004 was that the Institute should aim to break even after allowing 2% of turnover to be transferred to reserves and additionally to allow the reserves to increase as a result of interest received. The Statement of Financial Activities has therefore been drawn up in order to show the extent to which this aim has been achieved. Total incoming resources including interest amounted to **£3,548,708** (2003: £3,203,690). The accounts include the surplus and assets for IFS (North West).

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 prior to 2003 should be written off to the year in which the lease existing at the time expired (23 June 2004) and refurbishment after that date be depreciated to the end of the year in which the new lease expires (2009). All other assets other than furniture are written off over three years with furniture being written off over five 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 if applicable 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 is 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.

**(f) Allocation of expenses**

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. A proportion of certain expenses is not readily identifiable with specific research activities and these have been apportioned on an appropriate basis, based on estimates of direct research costs as a proportion of total costs between management and administration and indirect research costs.

**(g) Pension costs**

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

**(h) Operating leases**

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

**(i) Foreign currency**

Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and the exchange gain or loss is included in the category of income or expenditure to which it relates.

**THE INSTITUTE FOR FISCAL STUDIES**  
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**YEAR ENDED 31 DECEMBER 2004**

**2 MEMBERSHIP SUBSCRIPTIONS**

	<u>2004</u>	<u>2003</u>
	£	£
Corporate	48,800	57,664
Individuals	12,812	13,374
Partnerships	15,450	17,450
	77,062	88,488
	77,062	88,488

**3 APPORTIONED EXPENDITURE**

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
		£	£
Legal and professional		16,197	13,625
Telephone		9,494	10,602
Printing, postage and stationery		28,170	23,832
Insurance		23,983	23,368
Leasing and maintenance of equipment		3,207	4,630
Depreciation	1(b) & 9	107,136	122,155
Computer running costs		57,905	59,169
Miscellaneous		3,750	4,465
Unrecoverable VAT (VAT recovered)		391	(4,653)
Property costs (excluding rental payments)		60,958	52,382
Operating lease payments:           Property rentals		242,238	240,052
		553,429	549,627
		553,429	549,627
Allocated as:			
Support for research activities		442,743	439,701
Management and administration	4	110,686	109,926
		553,429	549,627
		553,429	549,627

The Institute paid **£2,048** (2003: £2,100) to provide indemnity insurance for the Trustees.

**4 MANAGEMENT AND ADMINISTRATION**

Apportioned expenditure (note 3)	110,686	109,926
Staff costs	126,840	114,446
Audit fee	6,250	5,950
Travelling	3,499	1,898
Entertaining	3,113	3,239
	250,388	235,459
	250,388	235,459

**THE INSTITUTE FOR FISCAL STUDIES**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**5 TOTAL RESOURCES EXPENDED**

	Staff costs £	Depreciation £	Other £	Total <u>2004</u> £	Total <u>2003</u> £
Direct charitable expenditure	2,348,331	85,709	707,102	3,141,142	2,843,325
Membership and promotion	46,957	-	18,537	65,494	61,445
Management and administration	126,840	21,427	102,121	250,388	235,459
	<u>2,522,128</u>	<u>107,136</u>	<u>827,760</u>	<u>3,457,024</u>	<u>3,140,229</u>

**6 STAFF COSTS**

	<u>2004</u> £	<u>2003</u> £
Staff costs:		
Wages and salaries	1,490,377	1,324,854
Social security costs	152,295	144,068
Pension costs (see note 14)	219,169	182,189
	<u>1,861,841</u>	<u>1,651,111</u>
Staff from universities and government Research Fellows and Research Associates, Graduate Scholars and other associated research staff costs	402,395	351,445
	<u>257,892</u>	<u>251,462</u>
	<u>2,522,128</u>	<u>2,254,018</u>

Staff costs have been allocated to expenditure headings where they can be specifically identified and the balance is charged to management and administration costs. The average number of employees analysed by function, was:

	<u>2004</u>	<u>2003</u>
Direct charitable expenditure	39	38
Membership and promotion	1	1
Management and administration	3	3
	<u>43</u>	<u>42</u>

The emoluments of the employees (excluding pension contributions) fell in the following ranges in excess of £50,000.

	Number of employees	
	<u>2004</u>	<u>2003</u>
£50,001 - 60,000	5	2
£60,001 - 70,000	1	2
£70,000 - 80,000	1	-
£80,000 - 90,000	-	1
£90,000 - 100,000	1	-
	<u>8</u>	<u>5</u>

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**7 EXECUTIVE COMMITTEE EMOLUMENTS**

Members of the Executive Committee received no remuneration in respect of their duties as members of the Executive Committee. One Executive Committee Member claimed a total of **£21** (2003: £70 claimed by one Member) in respect of travel expenses.

**8 BRANCH SURPLUS**

The Institute for Fiscal Studies (North West) is a branch of the main charity. The branch transactions are not material to the main charity's accounts. The significant results for the year were as follows:

	<u>2004</u> £	<u>2003</u> £
Branch meetings (deficit)	(372)	(779)
Annual dinner surplus	-	33
Interest received	592	531
	-----	-----
(Deficit)/surplus for the year	<b>220</b>	<b>(215)</b>
	-----	-----

**9 TANGIBLE FIXED ASSETS**

	<b>Fixtures and improvements to short leasehold premises</b> £	<b>Office equipment</b> £	<b>Total</b> £
<b>Cost</b>			
At 1 January 2004	571,061	231,387	802,448
Additions	54,746	52,769	107,515
Disposals	(28,997)	(35,899)	(64,896)
	-----	-----	-----
At 31 December 2004	<b>596,810</b>	<b>248,257</b>	<b>845,067</b>
	-----	-----	-----
<b>Depreciation</b>			
At 1 January 2004	520,358	145,453	665,811
Charge for the year	48,382	58,754	107,136
Disposals and assets no longer in use	(28,997)	(35,899)	(64,896)
	-----	-----	-----
At 31 December 2004	<b>539,743</b>	<b>168,308</b>	<b>708,051</b>
	-----	-----	-----
<b>Net book amounts</b>			
At 31 December 2004	<b>57,067</b>	<b>79,949</b>	<b>137,016</b>
	-----	-----	-----
At 31 December 2003	50,703	85,934	136,637
	-----	-----	-----

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

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**YEAR ENDED 31 DECEMBER 2004**

<b>10</b>	<b>DEBTORS</b>	<u><b>2004</b></u> £	<u><b>2003</b></u> £
	Research grants receivable (note 1e)	886,065	824,258
	Prepayments and accrued income	48,609	114,966
		<hr/> <b>934,674</b> <hr/>	<hr/> 939,224 <hr/>

<b>11</b>	<b>CREDITORS</b>	<u><b>2004</b></u> £	<u><b>2003</b></u> £
	<b>Amounts falling due within one year</b>		
	Grants received in advance of expenditure (note 1e)	217,687	260,811
	Taxation and social security	54,249	50,507
	Accrued expenses	239,263	362,235
		<hr/> <b>511,199</b> <hr/>	<hr/> 673,553 <hr/>

<b>12</b>	<b>UNRESTRICTED FUNDS</b>		<b>Accumulated Reserve</b> £
	At 1 January 2004		<b>805,205</b>
	Net incoming resources		<b>91,684</b>
			<hr/> <b>896,889</b> <hr/>
	Balance at 31 December 2004		<hr/> <b>896,889</b> <hr/>

**13 OPERATING LEASE COMMITMENTS**

At the end of the year the Institute had operating lease commitments in respect of buildings running to 23 June 2009 to pay during the following year as follows:

	<u><b>2004</b></u> £	<u><b>2003</b></u> £
Contracts expiring:		
Less than one year	-	115,410
After one year but less than five years	245,000	-
After five years	-	-
	<hr/> <b>245,000</b> <hr/>	<hr/> 115,410 <hr/>

**14 PENSION SCHEME**

The total pension cost to the Institute for the contributions to employees pension shares under group personal pension plans with Scottish Mutual and Scottish Widows was **£210,519** (2003: £171,067). In addition three staff participate in other personal pension schemes, to which the Institute contributed **£8,650** (2003: £11,122).

**15 RELATED PARTY TRANSACTIONS**

A member of the close family of one Executive Committee Member, Anne Redston, has a controlling interest in the company Seven Crosses Limited. This company received **£23,229** (2003: £7,812) for research services during the year. The fees charged are on an arms length basis and reflect the fees normally charged for this service in the external market place. Anne Redston had no involvement in the setting up, offering or acceptance of the engagement or in delivery of the service.