

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 2006

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 2006

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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 2006

The Executive Committee presents the report and financial statements of the Institute for Fiscal Studies for the year ended 31 December 2006.

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 met four times 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:

Lord Adebawale	W J Hopper
J F Chown	J J Maynes
R S Collier (Honorary Company Secretary and Committee Member to 24 April 2006)	I Menzies-Conacher (Honorary Company Secretary from 24 April 2006)
N C Dee (Chairman of the Executive Committee)	A Redston
Prof J Freedman	N O Taube
K Green	Prof Sir John Vickers (President of IFS)

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. No new Members of the Committee joined in 2006.

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	R Chote
Executive Administrator	R H Markless

The Institute employs directly some forty-five 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 employs a number of 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. A regional grouping of IFS members in NW England which in the past met regularly to discuss matters of mutual interest and occasionally sponsored related activities in that area was wound up during 2006 and no activities were held in the year.

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 INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2006

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.

STRATEGIC DEVELOPMENT

IFS operates within a strategic framework for IFS, which was 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.

Achievements and Performance

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 3 reports, 27 working papers, 4 on-line briefing notes and a quarterly journal *Fiscal Studies*. 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 12 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) where an increasing amount of IFS dissemination takes place.

IMPORTANT EVENTS DURING 2006

In September IFS launched a major review of the tax system chaired by the Nobel Laureate Sir James Mirrlees and inspired by the forthcoming 30th anniversary of the Meade Review, one of the Institute's most influential outputs to date. As usual, we have been heavily involved in the debates on the Pre-Budget Report and the Budget, particularly through our annual Green Budget in collaboration with Morgan Stanley. We held a successful conference with the European Tax Policy Forum (ETPF) on international aspects of business taxation and another conference to showcase the second wave of ETPF research has been planned. In the 2006 Annual Lecture Professor Alan Auerbach (Berkeley) spoke on the taxation of capital, one of the key themes that will be addressed by the Mirrlees review. Over the past year we have also secured long term funding for two important areas of the institute's work. The Centre for Micro-data Methods and Practices (*cemmap*) will be funded for five years as an ESRC research centre when the initial funding provided by the Leverhulme Trust ends in mid-2007 and the ESRC is also funding a new programme of research on human development and poverty reduction in developing countries jointly with the Department for International Development. Finally the Executive Committee would like to thank Richard Collier who has stood down as the Institute's Honorary Company Secretary after ten years of service.

THE INSTITUTE FOR FISCAL STUDIES
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REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2006

Financial Review

FINANCIAL RESULTS FOR THE YEAR

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

The financial policy laid down by the Executive Committee in 2006 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 54% was provided by the Economic and Social Research Council (43% in 2005) 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

During the year the Executive Committee reviewed its reserves policy and concluded that under current expenditure patterns the Institute held adequate cash reserves for working capital requirements. Working capital is necessary because most of IFS' income is receivable in arrears whilst many payments are made quarterly in advance, such as for rent and for payments to Research Fellows and Scholars. However it was considered prudent to establish a property reserve to allow for any costs that may relate to any future accommodation decisions. The reserve was established during 2006 by raising an additional 2% of expenditure, net of direct project costs.

Additionally during the year IFSNW was wound up and all funds transferred to the Institute. Half of the funds were set aside in a designated reserve to support activities of Pro-Manchester which related to the objects of the Institute with the other half being transferred to the Institute's General Funds. The Trustees have determined that the Pro-Manchester reserve be established for five years in the first instance from 10 May 2006. During 2006 no Pro-Manchester reserves were spent.

The Statement of Financial Activities on page 7 shows that a surplus of £100,244 was made in 2006 representing investment income of £31,811 and a £68,433 surplus, which represents 2.06% of expenditure less direct project costs.

This policy is subject to review in the light of current risks.

Plans for the Future Period

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. Significant work is due to be carried out on the planned report to be produced under the direction of Prof Sir James Mirrlees to review the state of the British tax system, with the aim of publishing the report early in 2008. The 2007 Residential Conference will be devoted to discussions concerning the Review and we expect the Annual Lecture to be on a related topic. During 2007 we expect the new *cemmap* ESRC Research Centre to have started following the end of the funding received from the Leverhulme Trust with whose money the Centre was established. We also hope to be able to apply for continued funding for the existing ESRC Research Centre, which was established in 1991.

The Institute's President Prof Sir John Vickers has indicated his intention to stand down during 2007 and the Executive Committee would like to thank him for the support he has given as President, a post he has held since 2003. The Committee is honoured to be recommending as the Institute's new President Bank of England Deputy Governor, Rachel Lomax, to IFS Members at the 2007 AGM.

Appointment of Auditors

PKF (UK) LLP is eligible for reappointment and a resolution to reappointment them will be proposed at the forthcoming Annual General Meeting.

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2006

STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

The Executive Committee (as Directors of the Company) is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 net income or expenditure of the Institute for the year. In preparing these financial statements the Executive Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that 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 Executive Committee is responsible for the maintenance and integrity of the information included on the Institute'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.

Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE EXECUTIVE COMMITTEE,



N C DEE

(Chairman of the Executive Committee)
23 April 2007

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE INSTITUTE FOR FISCAL STUDIES
YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of Institute for Fiscal Studies for the year ended 31 December 2006 which comprise the statement of financial activities, the balance sheet, and the related notes. The 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 auditors' 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 trustees and auditors

The responsibilities of the trustees (who are also the directors of the company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the 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 other transactions is not disclosed.

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

We report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees' report is consistent with the financial statements.

London, UK

24 April 2007



PKF (UK) LLP
Registered Auditors

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2006 (incorporating income and expenditure)

	<u>Notes</u>	<u>2006</u> £	<u>2005</u> £
INCOMING RESOURCES			
Incoming Resources from Generated Funds			
Investment Income		31,811	25,021
Incoming resources from charitable activities			
Membership subscriptions	2	70,006	71,453
Research contract grants		3,752,031	3,627,957
Publication sales		58,779	28,447
Conference income		114,482	113,371
Branch surplus	7	230	669
		<hr/>	<hr/>
TOTAL INCOMING RESOURCES		4,027,339	3,866,918
		<hr/>	<hr/>
RESOURCES EXPENDED			
Charitable Activities			
Research activities	3	3,674,228	3,534,749
Publications		48,095	41,953
Conferences		114,977	91,399
Membership		68,259	74,696
Governance Costs	4	21,536	21,499
		<hr/>	<hr/>
TOTAL RESOURCES EXPENDED	5	3,927,095	3,764,296
		<hr/>	<hr/>
NET INCOMING RESOURCES FOR THE YEAR		100,244	102,622
FUND BALANCES BROUGHT FORWARD AT 1 JANUARY 2006		999,511	896,889
		<hr/>	<hr/>
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2006	11	1,099,755	999,511
		<hr/> <hr/>	<hr/> <hr/>

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 2006

	<u>Notes</u>	<u>2006</u>		<u>2005</u>	
FIXED ASSETS		£	£	£	£
Tangible assets	8		128,106		160,847
 CURRENT ASSETS					
Debtors	9	1,019,017		1,053,537	
Bank deposits		635,661		398,821	
Cash at bank and in hand		4,039		51,134	
		<hr/>		<hr/>	
		1,658,717		1,503,492	
 CREDITORS					
Amounts falling due within one year	10	687,068		664,828	
		<hr/>		<hr/>	
NET CURRENT ASSETS			971,649		838,664
			<hr/>		<hr/>
NET ASSETS			1,099,755		999,511
			<hr/> <hr/>		<hr/> <hr/>
 UNRESTRICTED FUNDS					
General Funds	11		1,020,132		999,511
Property Reserve	11		66,411		-
Pro-Manchester Reserve	11		13,212		-
			<hr/>		<hr/>
			1,099,755		999,511
			<hr/> <hr/>		<hr/> <hr/>

Approved and authorised for issue by the Executive Committee on 23 April 2007

John Vickers

 PROF SIR JOHN VICKERS

Members of the Executive Committee

N. C. Dee

 N. C. DEE

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

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 **£4,027,292** (2005: £3,866,918). The accounts include the surplus and assets for IFS (North West) which was wound up during the year.

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 2004 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 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.

(f) Allocation of expenses

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities

(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

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. IFS opened a Euro account in 2005 and the value of the balance at the end of the year was based on the exchange rate as at 31 December 2006.

THE INSTITUTE FOR FISCAL STUDIES
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

2 MEMBERSHIP SUBSCRIPTIONS

	<u>2006</u>	<u>2005</u>
	£	£
Corporate	44,043	44,544
Partnerships	14,350	14,350
Individuals	11,613	12,559
	70,006	71,453
	70,006	71,453

3 EXPENDITURE ON RESEARCH ACTIVITIES

	<u>2006</u>	<u>2005</u>
	£	£
Staff costs	2,562,678	2,361,025
Direct Project costs	606,563	654,401
Premises	339,925	323,949
IT Support and Office Costs	108,169	131,601
Insurance and Professional Fees	38,126	35,948
Public relations and events	6,772	14,956
Irrecoverable VAT	225	1,785
Miscellaneous	11,770	11,084
	3,674,228	3,534,749
	3,674,228	3,534,749

During the year **£nil** (2005 £4,450) was paid to the auditors for other services. Last year this amount was included in "Insurance and Professional Fees" above.

"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	11,993	10,913
Audit remuneration	6,775	6,500
Trustee indemnity insurance, Companies House Fees	2,063	2,048
Meeting costs and Council Members' travel costs	705	2,038
	21,536	21,499
	21,536	21,499

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 2006 one Member claimed **£94** in expenses (2005: one member claimed £134).

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 **£1,330** (2005: £10,943) 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.

THE INSTITUTE FOR FISCAL STUDIES
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

5 TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	Total <u>2006</u> £	Total <u>2005</u> £
Research activities	2,562,678	62,704	1,048,846	3,674,228	3,534,749
Publications	29,609	721	17,765	48,095	41,953
Conferences	27,602	672	86,703	114,977	91,399
Membership	58,889	1,434	7,936	68,259	74,696
Governance	11,993	-	9,543	21,536	21,499
	<u>2,690,771</u>	<u>65,531</u>	<u>1,170,793</u>	<u>3,927,095</u>	<u>3,764,296</u>

6 STAFF COSTS

	<u>2006</u> £	<u>2005</u> £
Staff costs:		
Wages and salaries	1,596,273	1,478,322
Social security costs	172,139	162,120
Pension costs (see note 13)	219,199	215,531
	<u>1,987,611</u>	<u>1,855,973</u>
Staff from universities	393,831	363,667
Research Fellows and Research Associates, Graduate Scholars and other associated research staff costs	<u>309,329</u>	<u>281,895</u>
	<u>2,690,771</u>	<u>2,501,535</u>

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

	<u>2006</u>	<u>2005</u>
Research activities	41	40
Publications	1	1
Conferences	1	1
Membership	1	1
	<u>44</u>	<u>43</u>

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

	Number of employees	
	<u>2006</u>	<u>2005</u>
£60,001 - 70,000	-	-
£70,000 - 80,000	-	1
£80,000 - 90,000	1	-
£90,000 - 100,000	-	1
£100,000 - £110,000	1	-
	<u>2</u>	<u>2</u>

THE INSTITUTE FOR FISCAL STUDIES
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YEAR ENDED 31 DECEMBER 2006

7 BRANCH SURPLUS

The Institute for Fiscal Studies (North West) was a branch of the main charity. As indicated in the Report of the Executive Committee it held no events during 2006 and was wound up in 2006. The branch transactions are not material to the main charity's accounts and in 2006 the only income received was in respect of interest. Half of the balance on winding up was put aside in a reserve for Pro-Manchester with the remainder transferred to the IFS' General Fund. The Trustees have determined that the Pro-Manchester reserve be established for five years in the first instance from 10 May 2006.

	<u>2006</u>	<u>2005</u>
	£	£
Interest received	230	669
	<hr/>	<hr/>
Surplus for the year	230	669
	<hr/> <hr/>	<hr/> <hr/>
IFS NW Balance	26,425	26,195
	<hr/> <hr/>	<hr/> <hr/>

8 TANGIBLE FIXED ASSETS

	Fixtures and improvements to short leasehold premises	Office equipment	Total
	£	£	£
Cost			
At 1 January 2006	632,928	252,366	885,294
Additions	2,654	30,137	32,791
Disposals	-	(22,950)	(22,950)
	<hr/>	<hr/>	<hr/>
At 31 December 2006	635,582	259,553	895,135
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 1 January 2006	558,044	166,403	724,447
Charge for the year	20,811	44,721	65,532
Disposals and assets no longer in use	(-)	(22,950)	(22,950)
	<hr/>	<hr/>	<hr/>
At 31 December 2006	578,855	188,174	767,029
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book amounts			
At 31 December 2006	56,727	71,379	128,106
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2005	74,884	85,963	160,847
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

THE INSTITUTE FOR FISCAL STUDIES
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

9	DEBTORS	<u>2006</u>	<u>2005</u>
		£	£
	Research grants receivable (note 1e)	870,072	991,959
	Prepayments and accrued income	148,945	61,578
		<hr/>	<hr/>
		1,019,017	1,053,537
		<hr/> <hr/>	<hr/> <hr/>

10	CREDITORS	<u>2006</u>	<u>2005</u>
		£	£
	Amounts falling due within one year		
	Grants received in advance of expenditure (note 1e)	424,406	358,208
	Taxation and social security	54,549	52,303
	Accrued expenses	208,113	254,317
		<hr/>	<hr/>
		687,068	664,828
		<hr/> <hr/>	<hr/> <hr/>

11	UNRESTRICTED FUNDS		Reserves
			£
	General Fund at 1 January 2006		999,511
	Net incoming resources		100,244
			<hr/>
	Total Reserves balance at 31 December 2006		1,099,755
			<hr/> <hr/>
	General Fund		1,020,132
	IFS Property Reserve (established 2006)		66,411
	Pro-Manchester Reserve (established 2006)		13,212
			<hr/>
	Total Reserves at 31 December 2006		1,099,755
			<hr/> <hr/>

Fund accounting

General funds are unrestricted funds which 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 for particular purposes. The aim and use of each fund is set out in 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 23 June 2009 to pay during the following year as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Contracts expiring:		
After one year but less than five years	245,000	245,000
	<hr/>	<hr/>
	245,000	245,000
	<hr/> <hr/>	<hr/> <hr/>

13 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 **£212,584** (2005: £209,747). In addition one member of staff participates in another personal pension scheme, to which the Institute contributed **£6,615** (2005: £5,784).