

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 2002

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 2002

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
EXECUTIVE COMMITTEE REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

CONTENTS

COMPANY INFORMATION	1
REPORT OF THE EXECUTIVE COMMITTEE	2
STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE	4
AUDITORS' REPORT	5
STATEMENT OF FINANCIAL ACTIVITIES	6
BALANCE SHEET	7
NOTES TO THE FINANCIAL STATEMENTS	8

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
New Garden House
78 Hatton Garden
London
EC1N 8JA

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 2002

MEMBERS OF THE EXECUTIVE COMMITTEE

G Aaronson QC	Prof. M King (President of the Institute)
J F Avery Jones, CBE (to 4 February)	J J Maynes
J F Chown	M H Robson
R S Collier (Honorary Company Secretary)	A Redston
N Dee	N O Taube
K Etherington (Chairman of the Executive Committee)	Prof. J Tiley
W J Hopper	

PRINCIPAL OFFICERS

Director	A W Dilnot, CBE (to 30 September)
	R Chote (from 1 October)
Executive Administrator	R H Markless

The members of the Executive Committee present their report and the financial statements for the year ended 31 December 2002.

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 7 reports, 22 working papers, 15 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 16 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 2002

During 2002 Robert Chote was appointed as IFS Director taking over from Andrew Dilnot who left to become Principal of St Hugh's College, Oxford. Towards the end of the year the Centre for the Evaluation of Development Policies was launched at an event which included a Nobel Laureate, the Provost of University College London and the Chief Economist of the World Bank. During the year the Institute took 1,250 sq ft of additional space in the building in which it is situated following an increase in the number of staff employed. Towards the end of the year the Institute received a repayment of just over £100,000 from HM Customs & Excise in respect of an overpayment of VAT from previous years.

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2002

FINANCIAL RESULTS FOR THE YEAR

The results for the year are as shown in the Statement of Financial Activities on page 6 and show an increase in turnover of some 25% nearly double that of the previous period reflecting the continued growth for IFS research.

The financial policy laid down by the Executive Committee in 2002 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 37% was provided by the Economic and Social Research Council. 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 and was the main reason for the growth in conference income. 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 order to build cash reserves the Executive Committee decided that a refund of an overpayment of prior year VAT of just over £100,000 received from H M Customs and Excise be retained to reserves. In 2001 the Committee decided that it would change its financial policy to require the Institute to aim to make a surplus equivalent to 1% of turnover in 2002 which would be transferred to reserves and in 2003 to increase this to 2%. 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.

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. IFS President Prof Mervyn King has indicated that following the announcement of his forthcoming appointment as Governor of the Bank of England he should step down in 2003 as President. In addition Ken Etherington has indicated that after six years as Chairman of the Executive Committee he planned to step down in 2003.

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
(A Company Limited by Guarantee not having a Share Capital)
REPORT OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2002

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,



K ETHERINGTON

(Chairman of the Executive Committee)
28 April 2003

**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 2002 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 2002 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

30 April

2003

PKF

PKF
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 2002

Notes

INCOME AND EXPENDITURE	<u>2002</u> £	<u>2001</u> £
Incoming Resources from activities to further the objects		
Membership subscriptions 2	100,671	103,330
Research contract grants	2,763,121	2,217,237
Publication sales	63,612	60,687
Conference income	88,749	43,528
Branch surplus 8	816	823
INCOMING RESOURCES EXCLUDING INTEREST	3,016,969	2,425,605
Charitable resources expended		
Research activities	2,069,625	1,723,813
Support for research activities 4	489,067	346,039
Publications	60,872	54,269
Conferences	61,492	39,505
Support for membership	67,349	60,603
Promotion of Institute's activities	10,431	8,580
Management and administration 3	226,521	190,708
TOTAL RESOURCES EXPENDED 5	2,985,357	2,423,517
NET INCOMING RESOURCES FROM ACTIVITIES BEFORE INTEREST AND PRIOR YEAR ITEMS	31,612	2,088
INTEREST RECEIVABLE	9,458	17,185
PRIOR YEAR COMPENSATION	-	85,000
PRIOR YEARS VAT RECLAIM 15	101,355	-
TOTAL NET INCOMING RESOURCES FOR THE YEAR	142,425	104,273
FUND BALANCES BROUGHT FORWARD AT 1 JANUARY 2002	599,319	495,046
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2002 12	741,744	599,319

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
(A Company Limited by Guarantee not having a Share Capital)
BALANCE SHEET
31 DECEMBER 2002

FIXED ASSETS	<u>Notes</u>	£	<u>2002</u>	£	£	<u>2001</u>	£
Tangible assets	9		230,118			228,475	
 CURRENT ASSETS							
Debtors	10	815,959			638,691		
Bank deposits		210,393			230,886		
Cash at bank and in hand		56,270			17,132		
			1,082,622			886,709	
 CREDITORS							
Amounts falling due within one year	11	570,996			515,865		
			511,626			370,844	
 NET CURRENT ASSETS							
			741,744			599,319	
 NET ASSETS							
			741,744			599,319	
 UNRESTRICTED FUNDS							
General funds	12		741,744			599,319	

Approved by the Executive Committee on 28 April 2003



 PROF. M KING



 K ETHERINGTON

Members of the Executive Committee

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

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 and a re-claim of VAT from prior years have 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 2002 was that the Institute should aim to break even after allowing 1% 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 and backdated VAT receivable, amounted to **£3,127,782** (2001: £2,527,790). The figure for backdated VAT from HM Customs and Excise was eventually settled at £105,075 (less £3,720 in related professional fees). The accounts include the surplus and assets for The Institute for Fiscal Studies (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 has determined that all costs relating to refurbishment of the premises should be written off to the year in which the existing lease expires whilst all other assets are written off 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 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

(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

2 MEMBERSHIP SUBSCRIPTIONS

	<u>2002</u>	<u>2001</u>
	£	£
Corporate	68,000	70,800
Individuals	14,221	15,080
Partnerships	18,450	17,450
	100,671	103,330
	100,671	103,330

3 MANAGEMENT AND ADMINISTRATION

Apportioned expenditure (note 4)	122,267	86,510
Staff costs	91,408	91,296
Audit fee - current year	5,600	4,900
Audit fee - under-accrual from prior year	300	-
Travelling	4,559	5,109
Entertaining	2,387	2,893
	226,521	190,708
	226,521	190,708

4 APPORTIONED EXPENDITURE

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
Legal and professional		37,471	9,529
Telephone		10,984	9,168
Printing, postage and stationery		29,267	27,902
Insurance		19,213	14,125
Leasing and maintenance of equipment		5,476	4,318
Depreciation	1(b) & 9	167,554	139,396
Computer running costs		45,851	25,168
Miscellaneous		4,631	4,260
Unrecoverable VAT (VAT recovered)		3,433	4,733
Property costs (excluding rental payments)		50,355	32,939
Operating lease payments: Property rentals			237,099
161,011			
		611,334	432,549
		611,334	432,549
Allocated as:			
Indirect research costs		489,067	346,039
Management and administration	3	122,267	86,510
		611,335	432,549
		611,335	432,549

The auditors' fees for other services in the year were **£18,990** (2001: nil) in respect of the provision of advice on VAT matters.

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

5 TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other £	Total <u>2002</u> £	Total <u>2001</u> £
Direct charitable expenditure	1,987,285	134,043	570,160	2,691,488	2,172,206
Membership and promotion	46,464	-	20,885	67,349	60,603
Management and administration	91,408	33,511	101,602	226,521	190,708
	<u>2,125,157</u>	<u>167,554</u>	<u>692,647</u>	<u>2,985,358</u>	<u>2,423,517</u>

6 STAFF COSTS

	<u>2002</u> £	<u>2001</u> £
Staff costs:		
Wages and salaries	1,268,841	1,113,512
Social security costs	125,097	114,881
Pension costs (see note 14)	165,337	140,118
	<u>1,559,275</u>	<u>1,368,511</u>

These amounts include **£41,595** (2001: £97,976) for staff on secondment or covered by the Institute's permanent health scheme; these costs are recovered. These amounts exclude the costs of **11** (2001: 11) full and part-time staff seconded from universities and the Inland Revenue at a cost of **£320,318** (2001: £257,051) and **£203,968** (2001: £179,649) to pay other Research Fellows and Research Associates, Graduate Scholars, Summer Students and other associated research staff costs.

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>2002</u>	<u>2001</u>
Direct charitable expenditure	37	33
Membership and promotion	1	1
Management and administration	3	3
	<u>41</u>	<u>37</u>

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

	Number of employees	
	<u>2002</u>	<u>2001</u>
£50,001 - 60,000	2	2
£60,001 - 70,000	2	1
£70,000 - 80,000	1	-
£80,000 - 90,000	-	1
	<u>5</u>	<u>4</u>

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

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 **£183** (2001: £100 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>2002</u> £	<u>2001</u> £
Lunchtime meeting (deficit)	(370)	(253)
Annual dinner surplus	662	333
Interest received	524	743
	816	823
	816	823

9 TANGIBLE FIXED ASSETS

	Fixtures and improvements to short leasehold premises £	Office equipment £	Total £
Cost			
At 1 January 2002	493,167	276,237	769,404
Additions	77,091	92,106	169,197
Disposals	-	(55,948)	(55,948)
	570,258	312,395	882,653
	570,258	312,395	882,653
Depreciation			
At 1 January 2002	339,506	201,423	540,929
Charge for the year	116,210	51,344	167,554
Disposals and assets no longer in use	-	(55,948)	(55,948)
	455,716	196,819	652,535
	455,716	196,819	652,535
Net book amounts			
At 31 December 2002	114,542	115,576	230,118
	114,542	115,576	230,118
At 31 December 2001	153,661	74,814	228,475
	153,661	74,814	228,475

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

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2002

10	DEBTORS	<u>2002</u> £	<u>2001</u> £
	Research grants receivable (note 1e)	721,679	469,386
	Prepayments and accrued income	94,280	84,305
	Compensation claim	-	85,000
		815,959	638,691
		815,959	638,691
11	CREDITORS	<u>2002</u> £	<u>2001</u> £
	Amounts falling due within one year		
	Grants received in advance of expenditure (note 1e)	208,357	154,095
	Taxation and social security	41,469	40,842
	Accrued expenses	321,170	320,928
		570,996	515,865
		570,996	515,865
12	UNRESTRICTED FUNDS		Accumulated Reserve £
	At 1 January 2002		599,319
	Net incoming resources		142,425
			741,744
			741,744
13	OPERATING LEASE COMMITMENTS		
	At the end of the year the Institute had operating lease commitments in respect of buildings running to 23 June 2004 to pay during the following year as follows:		
		<u>2002</u> £	<u>2001</u> £
	Contracts expiring:		
	After one year but less than five years	240,052	238,290
	After five years	-	-
		240,052	238,290
		240,052	238,290
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 was £146,203 (2001: Scottish Mutual £123,634).		
	In addition four staff participate in other personal pension schemes, to which the Institute contributed £19,134 (2001: £16,484).		
15	PRIOR YEAR VAT RECLAIM		
	During the year a claim was made for back-dated overpayment of VAT following a ruling which disallowed the cap which HM Customs & Excise had placed on previous back-dated claims. The Institute received £88,316 in backdated VAT and £16,759 in interest. Offsetting this were professional fees in relation to this claim of £3,720.		