

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 2008

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 2008

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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 2008

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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 2008

The Executive Committee presents the report and financial statements of the Institute for Fiscal Studies for the year ended 31 December 2008.

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:

| | |
|---|---|
| F Cairncross (Chairman of the Executive Committee from 15 July) | W J Hopper |
| E Chamberlain (to 22 September) | D Lievesley (from 1 December) |
| J F Chown | R Lomax (President) |
| C Davidson (from 1 December) | J J Maynes |
| N C Dee (Chairman and Member of the Executive Committee To 15 July) | I Menzies-Conacher (Honorary Company Secretary) |
| Prof J Freedman | A Redston |
| K Green | M Robson (from 1 December) |
| | N O Taube (to 11 March) |

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 Members of the Committee who joined in late 2008 was held early in 2009.

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 employed directly an average of 46 (2007: 47) 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 17 (2007: 16) 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.

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 2008

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 believes that this policy meets the requirements of the guidance published by the Charity Commission on Public Benefit.

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.

Achievements and Performance

WHAT HAS THE INSTITUTE ACHIEVED DURING THE YEAR?

Nineteen research projects have been completed and, in addition to providing final reports to funders, the Institute has published a range of outputs. During the year 38 articles were published in peer-reviewed journals and 39 working papers were produced. Around 200 papers and talks were given by IFS researchers over the year. In addition to a quarterly journal, *Fiscal Studies*, IFS staff produced 15 non-academic reports. We held 42 conferences, seminars and briefings at IFS, and staff took part in many more external events. In addition, 16 training courses aimed particularly at civil servants and 5 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: advice was particularly in demand during the year because of the credit crisis. For example, researchers gave oral evidence to three select committees on this subject and submitted two briefing notes as written evidence during the year. At the request of the ESRC, IFS Deputy Director Carl Emmerson met with Lord Drayson, Minister of Science, to offer advice on fiscal policy in an economic downturn; meetings were also held with senior representatives from the IMF and the European Commission. Much of this work has been widely reported in the media and referred to frequently in Parliament. During 2008 IFS staff made around 150 appearances on radio and television; IFS was mentioned just under 1,400 times in the printed press.

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

IMPORTANT EVENTS DURING 2008

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 third successful conference with the European Tax Policy Forum (ETPF) on the international taxation and economic welfare and in the 2008 Annual Lecture, Dr Vince Cable MP spoke on the "economic policy lessons from the disappearing decade of stability". During the year we made an application for further funding from the ESRC for the Centre for the Microeconomic Analysis of Public Policy for the five year period commencing October 2010 and we heard early in 2009 that this was successful.

During the year Nicholas Dee stood down as Chairman of the Executive Committee, a role he had held since April 2003. The Committee would like to express its thanks to Nicholas for his hard work and support and to Frances Cairncross who agreed to take over.

Finally the Executive Committee wishes to record, with great regret, the deaths during the year of two of the Institute's "Founding Fathers". Nils Taube died in March and Bob Buist died in November. They made an immense and continuing contribution to the work of the Institute and they will be greatly missed.

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 2008 was that the Institute should aim to break even at the operating level with any investment income added 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 Statement of Financial Activities on page 7 shows that a surplus of £78,841 was made in 2008 representing investment income of £70,739, a foreign exchange gain of £7,041 and a surplus on operating activities of £1,061.

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 55% was provided by the Economic and Social Research Council (53% in 2007) it covers 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 continued to hold 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.

In 2007 it was considered prudent to establish a General Risks Reserve, to cover unexpected and exceptional costs. There was no call on this reserve during 2008.

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. During 2008 no Pro-Manchester reserves were spent.

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 in 2009. We also hope finalise the contract for continued funding for the existing ESRC Research Centre for the Microeconomic Analysis of Public Policy.

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE
YEAR ENDED 31 DECEMBER 2008

STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to:

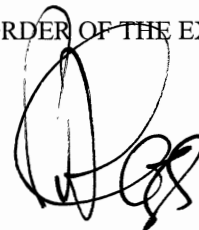
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company'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,



Frances CAIRNCROSS

(Chairman of the Executive Committee)
20 April 2009

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 2008

We have audited the financial statements of the Institute for Fiscal Studies for the year ended 31 December 2008 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 charitable 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 charitable 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 charitable company and the charitable 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 whether in our opinion the information given in the trustees' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity 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 trustees' 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.

Basis of audit opinion

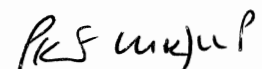
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 charity'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 charity's affairs as at 31 December 2008 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.



PKF (UK) LLP
Registered Auditors

London, UK

 April 2009

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2008 (incorporating income and expenditure)

| | <u>Notes</u> | <u>2008</u> £ | <u>2007</u> £ |
|--|--------------|------------------|------------------|
| INCOMING RESOURCES | | | |
| Incoming Resources from Generated Funds | | | |
| Investment Income and Foreign Exchange Gains | | 77,780 | 53,094 |
| Incoming Resources from Charitable Activities | | | |
| Membership subscriptions | 2 | 64,297 | 68,957 |
| Research contract grants | | 4,849,944 | 3,940,889 |
| Publication sales | | 59,993 | 40,817 |
| Conference income | | 119,401 | 167,821 |
| | | <hr/> | <hr/> |
| TOTAL INCOMING RESOURCES | | 5,171,415 | 4,271,578 |
| RESOURCES EXPENDED | | | |
| Charitable Activities | | | |
| Research activities | 3 | 4,847,881 | 3,948,837 |
| Publications | | 58,848 | 38,283 |
| Conferences | | 103,930 | 158,283 |
| Membership | | 57,259 | 67,223 |
| Governance Costs | 4 | 24,656 | 25,658 |
| | | <hr/> | <hr/> |
| TOTAL RESOURCES EXPENDED | 5 | 5,092,574 | 4,238,284 |
| | | <hr/> | <hr/> |
| NET INCOMING RESOURCES FOR THE YEAR | | 78,841 | 33,294 |
| | | <hr/> | <hr/> |
| FUND BALANCES BROUGHT FORWARD AT 1 JANUARY 2008 | | 1,133,049 | 1,099,755 |
| | | <hr/> | <hr/> |
| FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2008 | 10 | 1,211,890 | 1,133,049 |
| | | <hr/> <hr/> | <hr/> <hr/> |

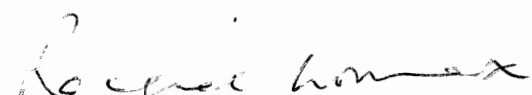
There were no other recognised gains or losses other than the net incoming resources for the year.

All amounts relate to continuing operations.

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
BALANCE SHEET
YEAR ENDED 31 DECEMBER 2008

| | <u>Notes</u> | £ | <u>2008</u> | £ | £ | <u>2007</u> | £ |
|-------------------------------------|--------------|---------|-------------|---|---------|-------------|---|
| FIXED ASSETS | | | | | | | |
| Tangible assets | 7 | | 145,742 | | | 164,082 | |
| CURRENT ASSETS | | | | | | | |
| Debtors | 8 | 890,979 | | | 804,122 | | |
| Bank deposits (COIF) | | 997,428 | | | 903,781 | | |
| Cash at bank and in hand | | 21,354 | | | 248,196 | | |
| | | | <hr/> | | | <hr/> | |
| | | | 1,909,761 | | | 1,956,099 | |
| CREDITORS | | | | | | | |
| Amounts falling due within one year | 9 | 843,613 | | | 987,132 | | |
| | | | <hr/> | | | <hr/> | |
| NET CURRENT ASSETS | | | 1,066,148 | | | 968,967 | |
| NET ASSETS | | | <hr/> <hr/> | | | <hr/> <hr/> | |
| | | | 1,211,890 | | | 1,133,049 | |
| UNRESTRICTED FUNDS | | | | | | | |
| General Funds | 10 | | 1,158,678 | | | 1,079,837 | |
| General Risks Reserve | 10 | | 40,000 | | | 40,000 | |
| Pro-Manchester Reserve | 10 | | 13,212 | | | 13,212 | |
| | | | <hr/> | | | <hr/> | |
| | | | 1,211,890 | | | 1,133,049 | |
| | | | <hr/> <hr/> | | | <hr/> <hr/> | |

Approved and authorised for issue by the Executive Committee on 20 April 2009



.....
Rachel LOMAX



.....
Frances CAIRNCROSS

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 2008

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 **£5,171,415** (2007: £4,271,578).

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.

(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

IFS opened a Euro account in 2004 and a Dollar account in 2007 and the value of the balance at the end of the year was based on the exchange rate as at 31 December 2008. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and the foreign exchange gain made during the year from the Dollar account has been taken as part of the Incoming Resources from Generated Funds.

THE INSTITUTE FOR FISCAL STUDIES
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

2 MEMBERSHIP SUBSCRIPTIONS

| | <u>2008</u> £ | <u>2007</u> £ |
|--------------|------------------|------------------|
| Corporate | 40,348 | 44,243 |
| Partnerships | 13,850 | 13,850 |
| Individuals | 10,099 | 10,864 |
| | <hr/> | <hr/> |
| | 64,297 | 68,957 |
| | <hr/> <hr/> | <hr/> <hr/> |

3 EXPENDITURE ON RESEARCH ACTIVITIES

| | <u>2008</u> £ | <u>2007</u> £ |
|---------------------------------|------------------|------------------|
| Staff costs | 2,972,721 | 2,816,808 |
| Direct Project costs | 1,282,355 | 567,139 |
| Premises | 410,920 | 381,544 |
| IT and office costs | 121,664 | 109,049 |
| Insurance and professional fees | 41,262 | 49,789 |
| Public relations and events | 12,464 | 9,218 |
| Irrecoverable VAT | (3,492) | 2,924 |
| Miscellaneous | 9,987 | 12,366 |
| | <hr/> | <hr/> |
| | 4,847,881 | 3,948,837 |
| | <hr/> <hr/> | <hr/> <hr/> |

“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. During 2008 these payments included £546,485 received from the European Commission and redistributed to four partners in relation to one project.

4 GOVERNANCE COSTS

| | £ | £ |
|---|---------------|---------------|
| Staff costs | 12,499 | 13,208 |
| Audit remuneration | 7,500 | 7,100 |
| Trustee indemnity insurance, Companies House fees | 3,544 | 2,703 |
| Meeting costs and Council Members’ travel costs | 1,113 | 2,647 |
| | <hr/> | <hr/> |
| | 24,656 | 25,658 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 2008 no Members claimed travel expenses as was the case in 2007.

RELATED PARTY TRANSACTIONS

During the year two members of the Executive Committee (Emma Chamberlain and Judith Freedman) received £2,500 each for work relating to the Mirrlees Review. These payments were in line with money paid to other contributors and in neither case did they play a part in the decision to employ them in this way, nor in the level of remuneration payable. There were no further related party transactions during the year.

THE INSTITUTE FOR FISCAL STUDIES
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

5 TOTAL RESOURCES EXPENDED

| | Staff costs £ | Depreciation £ | Other £ | Total 2008 £ | Total 2007 £ |
|---------------------|---------------------|-------------------|------------------|--------------------|--------------------|
| Research activities | 2,972,721 | 75,688 | 1,799,473 | 4,847,882 | 3,948,837 |
| Publications | 31,364 | 799 | 26,685 | 58,848 | 38,283 |
| Conferences | 34,043 | 867 | 69,020 | 103,930 | 158,283 |
| Membership | 48,139 | 1,226 | 7,894 | 57,259 | 67,223 |
| Governance | 12,499 | 319 | 11,837 | 24,655 | 25,658 |
| | <u>3,098,766</u> | <u>78,899</u> | <u>1,914,909</u> | <u>5,092,574</u> | <u>4,238,284</u> |

6 STAFF COSTS

| | 2008 £ | 2007 £ |
|--|------------------|------------------|
| Staff costs: | | |
| Wages and salaries | 1,676,187 | 1,660,918 |
| Social security costs | 179,558 | 176,965 |
| Pension costs (see note 13) | 230,964 | 223,427 |
| | <u>2,086,709</u> | <u>2,061,310</u> |
| Staff from universities | 716,048 | 535,752 |
| Research Fellows and Research Associates, Graduate Scholars and other associated research staff costs | 296,009 | 352,144 |
| | <u>3,098,766</u> | <u>2,949,206</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:

| | 2008 | 2007 |
|---------------------|-----------|-----------|
| Research activities | 43 | 44 |
| Publications | 1 | 1 |
| Conferences | 1 | 1 |
| Membership | 1 | 1 |
| | <u>46</u> | <u>47</u> |

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

| | Number of employees | |
|---------------------|---------------------|----------|
| | 2008 | 2007 |
| £60,001 - 70,000 | 1 | 1 |
| £70,001 - 80,000 | - | - |
| £80,001 - 90,000 | - | - |
| £90,001 - 100,000 | - | 1 |
| £100,001 - £110,000 | 1 | - |
| £110,001 - £120,000 | - | 1 |
| £120,000 - £130,000 | 1 | - |
| | <u>3</u> | <u>3</u> |

Pension contributions were paid by the Institute on behalf of all three employees noted above. The total sum of these contributions was **£65,107** (2007: £58,587).

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

| | | | | |
|----------|---------------------------------------|--|-----------------------------|--------------|
| 7 | TANGIBLE FIXED ASSETS | Fixtures and improvements to short leasehold premises | Office equipment | Total |
| | | <u>£</u> | <u>£</u> | <u>£</u> |
| | Cost | | | |
| | At 1 January 2008 | 678,662 | 298,601 | 977,263 |
| | Additions | 3,050 | 57,509 | 60,559 |
| | Disposals | - | 35,390 | 35,390 |
| | | <hr/> | <hr/> | <hr/> |
| | At 31 December 2008 | 681,712 | 320,720 | 1,002,432 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | Depreciation | | | |
| | At 1 January 2008 | 602,268 | 210,913 | 813,181 |
| | Charge for the year | 28,639 | 50,260 | 78,899 |
| | Disposals and assets no longer in use | - | (35,390) | (35,390) |
| | | <hr/> | <hr/> | <hr/> |
| | At 31 December 2008 | 630,907 | 225,783 | 856,690 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | Net book amounts | | | |
| | At 31 December 2008 | 50,805 | 94,937 | 145,742 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | At 31 December 2007 | 76,394 | 87,688 | 164,082 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

| | | | |
|----------|--------------------------------------|--------------------|--------------------|
| 8 | DEBTORS | <u>2008</u> | <u>2007</u> |
| | | £ | £ |
| | Research grants receivable (note 1e) | 731,343 | 631,053 |
| | Prepayments and accrued income | 159,636 | 173,069 |
| | | <hr/> | <hr/> |
| | | 890,979 | 804,122 |
| | | <hr/> <hr/> | <hr/> <hr/> |

| | | | |
|----------|---|--------------------|--------------------|
| 9 | CREDITORS | <u>2008</u> | <u>2007</u> |
| | | £ | £ |
| | Amounts falling due within one year | | |
| | Grants received in advance of expenditure (note 1e) | 579,659 | 706,966 |
| | Taxation and social security | 62,047 | 57,316 |
| | Accrued expenses | 201,907 | 222,850 |
| | | <hr/> | <hr/> |
| | | 843,613 | 987,132 |
| | | <hr/> <hr/> | <hr/> <hr/> |

THE INSTITUTE FOR FISCAL STUDIES
(A Company Limited by Guarantee not having a Share Capital)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

10 UNRESTRICTED FUNDS

| | General Fund £ | Pro-Manchester Reserve £ | General Risks Reserve £ | Total £ |
|------------------------------|-------------------------------|---|--|--------------------|
| Reserves at 1 January 2008 | 1,079,837 | 13,212 | 40,000 | 1,133,049 |
| Net Incoming Resources | 78,841 | - | - | 78,841 |
| Reserves at 31 December 2008 | 1,158,678 | 13,212 | 40,000 | 1,211,890 |

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 Committee for particular purposes. The aim and use of each fund is set out in the Report of the Executive Committee.

11 OPERATING LEASE COMMITMENTS

At the end of the year the Institute had operating lease commitments in respect of buildings running to 21 June 2012 to pay during the following year as follows:

| | <u>2008</u> £ | <u>2007</u> £ |
|---|------------------|------------------|
| Contracts expiring: | | |
| After one year but less than five years | 290,000 | 290,000 |
| | <u>290,000</u> | <u>290,000</u> |

12 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 **£222,631** (2007: £216,011). In addition one member of staff participates in another personal pension scheme, to which the Institute contributed **£8,333** (2007: £7,416).