# Trustees' Report

Year ended 31 December 2025

Institute for Fiscal Studies

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# Company information

**Company registered office**

2 Marylebone Road

London

NW1 4DF

**Company registered number**

00954616 (Incorporated in England and Wales)

**Registered charity**

258815

**Company bankers**

National Westminster Bank plc

City of London Office

1 Princes Street

London

EC2R 8BP

**Auditor**

Moore Kingston Smith LLP

9 Appold Street

London

EC2A 2AP

# Introduction from the Chair of Trustees

I am pleased to present the Trustees' Report of the activities of IFS in 2025.

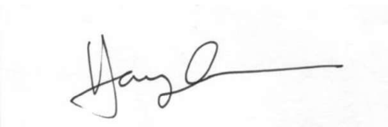
In June 2025, IFS said goodbye to Paul Johnson, who had led the organisation for fourteen years. Paul built on the foundations of several distinguished directors, raising the organisation to new heights of excellence, both in cutting-edge research and wide-ranging impact on our society. The thanks of colleagues and Trustees go with him as he takes up his new role as Provost of Queen's College, Oxford. The Trustees were delighted to appoint Helen Miller as the Institute's new director. Helen's trajectory at IFS is testament to the way the organisation builds capacity by training promising young economists and helping them build their careers. After joining in 2007, she was Head of the Tax team since 2016 and Deputy Director since 2019. With over 17 years of experience analysing UK fiscal policy, as a media commentator and providing trusted advice to policymakers, she is the ideal person to build on the strengths of IFS and to make sure it keeps its pre-eminent role at the heart of UK economic research and policymaking.

During the year, IFS once again justified its reputation as the most respected and influential independent institution in economic and fiscal policy in the UK. Researchers analysed and explained policies and proposals for fiscal events for the UK as a whole and across the regions.

The authority to comment on policies and policy proposals and to work with governments to understand and improve policy development comes from unparalleled excellence in academic research conducted at IFS. As we mention below, during the year researchers published work in top peer-reviewed journals from the *American Economic Journal* to the *Journal of Health Economics*, from the *Journal of Development Economics* to the *Journal of Political Economy.* In common with nearly all publications and outputs by IFS staff, these papers are published as Open Access articles, available free of charge online for everyone to read.

IFS is entirely independent of political parties, companies, individuals and pressure groups, with much of its funding coming through a peer-reviewed process from UK Research and Innovation. During the year, renewed funding from UKRI for our prestigious Research Institute for the Microeconomic Analysis of Public Policy began, led by Professor Imran Rasul; this will provide much-needed consistency of funding for the next five years.

On behalf of the Trustees, I thank all the staff at IFS for their tireless work, continuing to produce and disseminate excellent research of the highest standard. I would like to thank my fellow Trustees for giving their time and expertise so generously throughout the year.



Harry Gaskell
Chair of Trustees, Institute for Fiscal Studies

# Objects and activities

### The objects of the Institute

The objects of IFS are the advancement of education, for the benefit of the public, by promotion on a non-political basis of the study and discussion of, and the exchange and dissemination of information and knowledge concerning, the economic and social effects and influences of:

- existing taxes;
- proposed changes in fiscal systems; and
- other aspects of public policy,

in each case whether in the United Kingdom (UK) or elsewhere in the world.

So as to advance these objects, it is IFS's policy to retain the right to publish its reports openly in order to inform public debate and policymaking.

### Public benefit

The Members of the Board of Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 and have taken due regard of the Charity Commission's general guidance on public benefit. Examples of how the Institute has aimed to meet its public benefit are given in the review of 2025, where the Institute's achievements are reported.

### Strategic framework

IFS operates within a strategic framework agreed by the Board of Trustees; in addition to its regular meetings, the Board meets every year to discuss strategy with IFS staff, discuss issues, opportunities and difficulties, and agree on objectives. These discussions cover 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.

### How has the Institute furthered 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 and conference participation, on its own website, on social media and in broadcast and written media. Success lies in the scientific quality of our research and the efficacy with which our findings have informed the public debate. The following pages outline how this has been done, as well as highlighting significant operational changes.

# Governance and management

### Constitution

The Institute for Fiscal Studies (IFS) was incorporated by guarantee on 21 May 1969. It is a private company limited by guarantee and has no share capital. It is a registered charity. The guarantee of each Company Law member ('Member') is limited to £1. The governing document is the Memorandum and Articles of Association of the Company and the members of the Board of Trustees are the Directors of the Company and the Trustees.

Company Law members consist of the IFS Council members. At the end of December 2025, the number of guarantors was 48 (49 at the end of December 2024), five of whom were elected by the IFS members. The Articles contain the provision that the IFS Council be expanded to no more than 50 persons and that it shall consist of up to 45 members elected by Council and five members elected by the wider IFS membership.

### Members of the Board of Trustees

The Board of Trustees is established by the IFS Council: Trustees are elected by the Council from among themselves; the Board consists of at least seven and no more than twelve people, one of whom is *ex officio* the President of the Council. Trustees serve three-year terms, and will usually only serve a maximum of three terms. The Board of Trustees met five times during the year. Committee membership during 2025 was:

- Winnie Armah;
- Jonathan Athow;
- James Bell;
- John F. Chown* (co-founder of IFS and honorary board member);
- Swati Dhingra;
- Harry Gaskell (Chair);
- David Gregson;
- Peter Kane;
- Caroline Mawhood;
- Orna NiChionna;
- Gus O'Donnell (President, IFS Council);
- Nicholas Timmins.

* John Chown is a co-founder of IFS and a lifelong Trustee; he is now unable to attend board meetings because of ill health.

As part of the organisation's governance review (see below), the Board of Trustees set up two subcommittees during 2019 to help improve scrutiny of the Institute's operations – a Nominations Committee and an Audit Committee. An Investment Committee was formed in 2023. The remits and memberships of the committees are as set out below.

*Attendance at board meetings*

| | February | May | June | September | December |
|---|---|---|---|---|---|
| Winnie Armah | Y | N | Y | Y | Y |
| Jonathan Athow | N | Y | N | Y | N |
| James Bell | Y | Y | Y | Y | N |
| Swati Dhingra | Y | N | Y | Y | Y |
| Harry Gaskell | Y | Y | Y | Y | Y |
| David Gregson | Y | N | Y | Y | Y |
| Peter Kane | Y | Y | Y | Y | Y |
| Caroline Mawhood | Y | Y | Y | Y | Y |
| Orna NiChionna | Y | Y | N | Y | Y |
| Gus O'Donnell | Y | N | Y | N | Y |
| Nicholas Timmins | Y | Y | Y | Y | Y |

*Audit Committee*

The Audit Committee's overall objective is to give advice to the Board of Trustees on:

- the overall processes for risk, control and governance;
- management assurances and appropriate actions from external audit and internal audit (if appropriate) findings, risk analysis and reporting undertaken;
- the financial control framework and supporting compliance culture;
- accounting policies and material judgements, the accounts and the annual report, and management's letter of representation to the external auditors;
- whistle-blowing arrangements for confidentially raising and investigating concerns over possible improprieties in the conduct of IFS business;
- processes to protect against fraud and corruption; and
- the planned activity of internal audit (if appropriate) and external audit.

Membership during 2025: Jonathan Athow*, Peter Kane*, Caroline Mawhood* (Chair)
IFS staff attending: Carl Emmerson (Deputy Director), Slav Sikora-Sikorski (Finance Director)

* Trustee

*Nominations Committee*

The Nominations Committee's objectives are:

- to develop and maintain rigorous and transparent procedures for appointments and re-appointments to the Council and the President, Trustees and its committees;
- to propose candidates for appointment to the Council and to the Board of Trustees;
- to formulate plans for succession and ensure that there is a transparent and fair procedure for the appointment of the President, Chair of Trustees, Honorary Officers, and members of the Council and Board of Trustees;
- to review regularly the composition of the Board and its committees (including their diversity, balance of skills, knowledge and experience) and make recommendations to the Board with regard to any adjustments that are deemed necessary; and
- to review the results of the Board performance evaluation process that relate to the composition of the Board.

Membership during 2025: Harry Gaskell¥ (Chair), David Gregson*, Orna NiChionna*, Sue Owen§
IFS staff attending: Carl Emmerson (Deputy Director), Emma Hyman (Head of Operations)

* Trustee
¥ Chair of Trustees
§ Member of Council

*Investment Committee*

The Investment Committee's objectives are:

- to consider the investment strategy and policies;
- to oversee the execution of the agreed investment strategy;
- to review returns on excess cash and the appropriateness of existing and proposed cash;
- to manage facilities in the context of IFS liquidity requirements; and
- to carry out other duties as may be determined from time to time by the Board.

Membership during 2025: David Gregson*, Peter Kane* (Chair), Orna NiChionna*
IFS staff attending: Slav Sikora-Sikorski (Finance Director)

* Trustee

*Induction and training of Trustees*

New Trustees receive training and induction following their appointment. Trustees are kept up-to-date with IFS research by a rolling programme of research presentations made at each meeting of the Board of Trustees.

## Remuneration policy

The salary of the Director is determined by the Board of Trustees when renewing his or her contract and is normally increased each year by a cost-of-living adjustment, in line with salaries across the Institute. The pay of all other staff is reviewed by the Director and, where appropriate, other members of senior management annually and is also usually increased by a cost-of-living adjustment. From time to time, the salary scales of the Institute are benchmarked against comparable organisations.

## Organisational structure of the Institute and the decision-making process

The overall management of IFS is carried out by the Director, Helen Miller (who took over from Paul Johnson in July 2025), who reports to the Trustees on a quarterly basis. The Director is part of the Senior Management Team of the Institute, which also during 2025 comprised the Deputy Directors, Carl Emmerson, Helen Miller (until July 2025 when she was succeeded by Jonathan Cribb) and George Stoye; the Directors of the Professional Services team, Bonnie Brimstone, Emma Hyman, Lizza Ollard and Slav Sikora-Sikorski; the Deputy Research Directors, Monica Costa Dias and Sonya Krutikova; and the Research Director, Imran Rasul.

The Board of Trustees delegates the operational responsibilities of the Institute to the Director of the Institute via a 'Scheme of Delegation', and he or she in turn delegates various duties to senior staff.

In 2025, the Institute employed directly an average of 91 (2024: 86) full- and part-time staff usually based at its office in London. Research staff are divided into sectors, and administrative staff provide support facilities.

The Institute also employed indirectly 11 (2024: 12) 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.

## Statement of policy on fundraising

Section 162A of the Charities Act 2011 requires us to make a statement regarding fundraising activities. We do not undertake widespread fundraising activities with members of the public, although we do accept donations or offers from partners to contribute to work that we undertake. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in our accounts as 'donations and legacies'. We do not use professional fundraisers or 'commercial participators' or any other third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, nor have we received any complaints in relation to fundraising activities.

**Charity Governance Code**

In July 2017, a revised Charity Governance Code was published setting out recommended practice. The Board of Trustees is supportive of the principles set out in the code and is keen to ensure that these are built into the governance of the organisation. To this end, during 2019, Trustees carried out a detailed review of its governance policies and procedures with reference to the code and agreed on a plan to put in place measures to comply where appropriate. The plan was implemented.

The Nominations Committee noted the updates made to the governance code in 2020, relating to integrity and to diversity. Integrity has always been central to the values of the Institute and a *sine qua non* for staff, Trustees and collaborators. A further review was started in 2025 to help ensure that the governance structure and procedures are in keeping with the revised code, issued in November 2025 as an updated Charity Governance Code, and are appropriate to uphold integrity to a high standard. Any recommendations from that review will be implemented from 2026 onwards.

In the light of updated principles relating to diversity and inclusion, the Nominations Committee considers these criteria when looking at the make-up of the Board of Trustees and of the Council. In particular, the Trustees are delighted that they have been able to increase both gender and ethnic diversity on the Council, a step that was much needed and a trend that they will strive to continue.

# Review of 2025

During 2025, IFS responded to significant events relating to UK policy, which included a number of fiscal events – UK-wide and in the devolved regions. IFS research received sustained coverage, driven by major fiscal events and high-profile IFS publications. Key moments included: the IFS Green Budget and the Autumn Statement in November; continued impact in Scotland; strong coverage of IFS's annual education spending report; and media interest around the launch of the final report from our multi-year Pensions Review.

IFS aims to reach a range of audiences, using strategies tailored to the expertise and interests of those groups. Methods used to connect with people include in-person meetings with national and regional policymakers, evidence to select committees and government bodies, written reports, public events, academic conferences, social media posts, digital tools, materials for schools and students, podcasts and videos.

The expertise that allows IFS researchers to explain and improve policy is underpinned by leading-edge academic research. Following the publication of the wide-ranging IFS Deaton Review of Inequalities in 2024 by Oxford University Press, a summary volume aimed at a wider audience is in progress, with an expected publication date in Spring 2026. Researchers have published articles in top journals and taken part in conferences, seminars and academic collaborations. Examples of research programmes that were ongoing in 2025 include the IFS Pensions Review; research into productivity and labour markets; the Centre for Tax Analysis in Developing Countries; and collaborations with health experts into child nutrition and health and social care.

More information about IFS research and publications can be found on the IFS website: https://ifs.org.uk/research-and-analysis.

To support our research and engagement, IFS has raised research funding during the year. A key funding source is UK Research and Innovation, which, most significantly, funds the ESRC Institute for Public Policy (CPP) at IFS. Funding for this core research programme was applied for and renewed this year, with the new five-year tranche beginning in Autumn 2025.

IFS research is funded through research grants, from the UK Research Councils, charitable trusts such as the Nuffield Foundation, and elsewhere (see the financial review on page 12 for details). During 2025, IFS was notified of the outcome of 43 research proposals, of which 34 were approved for funding (79% success rate by number). This was an increase on the success rate in 2024 (67%). The total value of awards made was £5.2m (£14.9m in 2024, which included the announcement of the £10m ESRC Institute award). The number of potential funders approached was 30 and funding was awarded by 24 different organisations (23 and 18 in 2024). A total of 98 funded research projects were active in 2025, which is a little higher than in 2024 (87). Selected ongoing and new research projects from 2025 are outlined below.

A list of projects active during 2025 can be found on the IFS website: https://ifs.org.uk/about/finance.

In a significant change for the Institute, Paul Johnson stepped down as Director in June 2025; he was succeeded by Helen Miller who has built her career at IFS since joining as a junior economist in 2007. She had been Head of Tax since 2016 and Deputy Director since 2019. She has over 17 years of experience analysing UK fiscal policy, providing trusted advice to policymakers and commenting in the media.

Operationally, a key event during 2025 was the move to new premises, in Marylebone Road. The organisation had been based at the same location for nearly 30 years, so the move was a significant undertaking. We took the opportunity to review requirements for our office space, putting in place additional high-quality meeting spaces with upgraded audiovisual equipment to enable better collaboration, both internally and with external academics and other stakeholders. We were also able to improve the spaces used for making podcasts and for recording broadcast interviews, which has increased the quality and quantity of our outputs. Introducing flexible working areas has also allowed more academic visitors to be hosted throughout the year; this is central to IFS's role as a hub for UK academics in economics and the social sciences more broadly.

Alongside the physical office move to new premises, IFS has been updating its ICT infrastructure. This entailed a move away from in-house servers to cloud computing. Aside from some confidential data which cannot be stored in the cloud, our data and processing have been transferred to cloud servers. Staff have also moved away from PCs at desks in the office to laptops which are used for hybrid working. The new arrangements have allowed us to increase security measures and keep closer controls on data access.

Part of the remit of IFS is to build capacity and expertise in the social sciences in the UK and elsewhere. In 2025, we recruited three new graduates and three postdoctoral researchers. The organisation also hosted eight summer students. Because our office move took place over the summer, we were not able to participate in the work experience programme to encourage interest in social science research amongst under-represented groups of young people. We will resume participation in 2026.

IFS acts as a hub for UK researchers and experts, with a wide network of affiliates who frequently visit from the UK and overseas to collaborate with IFS researchers. During the year, we hosted a series of guest seminars, as well as larger academic and policy-focused events. Our researchers and communications professionals continued to seek ways to engage in dialogue with audiences across the UK and further afield. An example was the biennial IFS residential conference, which took place in Oxford and brought together academics, policymakers and tax professionals; the theme for 2025 was business taxation.

Details of all IFS events can be found on the website: https://ifs.org.uk/events.

## Selected highlights

During the year, a number of members of staff were recognised for their excellence in the field. IFS researchers and affiliates Pedro Carneiro, Sarah Cattan, Gabriella Conti, Claire Crawford, Christine Farquharson and Nick Ridpath received the ONS Research Excellence Award 2025 for research into the outcomes of Sure Start. Long-standing IFS Research Fellow Philippe Aghion was jointly awarded the 2025 Nobel Prize in Economic Sciences (with Peter Howitt from Brown University) alongside Joel Mokyr from Northwestern University. IFS Research Director Imran Rasul's research into social capital in the workplace was referenced in the 2025 US 'Economic Report of the President'. The Institute celebrated a double victory at the 2025 Smart Thinking awards, winning the overall Think Tank of the Year award as well as the Best Publication award.

### Top journals and press highlights

| |
|---|
| **Top five journal articles past decade (2016–25):** 48 |
| **Top field journal articles past decade (2016–25):** 129 |

| |
|---|
| **Front pages 2025:** 123* (301 in 2024, 144 in 2023, 258 in 2022) |
| **Press interviews 2025:** 291 (413 in 2024, 304 in 2023, 493 in 2022) including 22 on Today, 14 on LBC and 59 on BBC Radio 4 |

* This number is likely a significant undercount because of an issue following a change with our media monitoring platform that has made it harder to count front-page mentions.

### Academic and policy publications summary

| Type | 2025 | 2024 | 2023 | 2022 | 2021 |
|---:|---:|---:|---:|---:|---:|
| Journal articles | 74 | 102 | 82 | 81 | 48 |
| Top five journal articles | 8 | 6 | 6 | 3 | 2 |
| Top field journal articles | 12 | 17 | 11 | 21 | 13 |
| Working papers | 68 | 89 | 70 | 105 | 67 |
| IFS reports | 48 | 58 | 70 | 55 | 44 |
| Comments | 99 | 117 | 95 | 79 | 42 |

More statistics for publications and impact are on the IFS website: https://ifs.org.uk/about/impact.

# Priorities for 2026 and beyond

In addition to the UKRI-funded Centre for Public Policy, whose research programme is central to IFS's work, two other large projects are under way, broadening the impact of IFS research. The first focuses on access to the justice system, pathways through the justice system and wider effects on well-being for those experiencing the justice system. The second project aims to transform understanding of economic inequalities within and between the UK's ethnic minority groups. Informed by multidisciplinary insights, researchers are bringing together cutting-edge methods and newly linked datasets. For both projects, IFS researchers are in a unique position to engage with policymakers and stakeholders, and to upskill a generation of researchers in the study of ethnic inequalities.

Other plans for 2026 include work to extend IFS expertise in environmental economics. This includes funding won jointly with the London School of Economics for work to contribute to our understanding of sustainable growth.

Research will also continue in established areas of expertise. Examples include a programme of work on pensions and retirement saving, funded by a consortium of organisations; a prestigious New Investigator grant to fund research on poverty, benefit policies and child outcomes; and evaluation of the effectiveness of the Connect to Work programme aimed at helping people with disabilities into the labour market.

An operational priority for 2026 will be the transition to a new, more modern accounting and project management system. With a large number of complex research grants to manage every year, it is essential for the Institute to harness technology as efficiently as possible. The transition to the new system will be a significant project and will result in efficiency savings, better accountability to funders and more effective internal management accounting and grant management.

Because data – and therefore data security – are central to IFS's research, we continually review our security standards. During 2026, we will move towards compliance with Cyber Essentials Plus; we already have Cyber Essentials certification.

# Strategic Report

**Financial review**

The results for the year ended 31 December 2025 are presented in the statement of financial activities on page 19. The annual surplus was higher than in previous years due to the in-year impact of IFS's receipt of lease compensation relating to its office move to 2 Marylebone Road. However, IFS will incur modest expenses in respect of its new office fit-out over the next ten years, in line with its depreciation policy.

The statement of financial activities shows an overall surplus for the year ended 31 December 2025 of £947,283 (2024: £561,152). The composition of the surplus was broadly £500,000 in respect of the office move, £268,123 surplus on membership and donations, and £131,300 investment income, with a small surplus on research of around £100,000 driven by research contract surplus in excess of research grant deficits. The last figure reflects the impact of inflation on multi-year fixed-budget research grants. There was an unrealised loss on investment of £62,112 in the year.

Total income was £13,081,588 (2024: £11,370,473) and total expenditure was £12,072,193 (2024: £10,959,987). The rise in expenditure was primarily due to increased premises costs (£613,799) and increased IFS staff costs (£393,455– due to both an increase in headcount and pay rises).

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 39% of the income recognised in 2025 was provided by the Economic and Social Research Council (46% in 2024), this funding covers a wide range of projects.

**Reserves policy**

The reserves policy is twofold: one, to hold funds for working capital purposes and as a contingency, should sufficient new funding not emerge or should existing contracts be cancelled; and two, to reflect the net book value of fixed and intangible assets.

As at 31 December 2025, the Institute's total reserves were £6,061,115 (2024: £5,113,832), comprising the unrestricted General Fund of £5,151,568 (2024: £5,031,403), the unrestricted Fixed Asset Fund of £909,547 (2024: £47,552) and the unrestricted Intangible Asset Fund of £0 (2024: £34,877).

The General Fund reflects the Institute's net current assets and is considered to be the amount of reserves that could be easily converted to cash, should the need arise. The target is for the General Fund to be maintained at a level to cover up to six months' expenditure (excluding direct project costs). The Trustees wish to continue to raise modest surpluses so that the General Fund meets this target. In 2025, the General Fund represented 6.9 months of expenditure (2024: 6.3 months).

The Fixed Asset Fund was established in 2010 such that this fund would be equivalent in value to the net book value of the Institute's fixed assets. In 2025, this fund increased substantially due to the new office fit-out, to £909,547 (2024: £47,552).

The Intangible Asset Fund comprises IFS's investment in a new website, launched in 2022, which is being paid for out of the General Fund. In 2025, the value is £0, the website having been fully depreciated on a straight-line basis over three years.

| | 2025 | 2025 | 2025 | 2024 | 2024 | 2024 |
|---|---|---|---|---|---|---|
| | **Unrestricted** | **Restricted** | **Total** | **Unrestricted** | **Restricted** | **Total** |
| Cash and cash equivalents | 3,024,595 | 1,008,400 | **4,032,995** | 2,361,711 | 1,891,506 | **4,253,217** |
| Less net project grants received in advance | (537,015) | (487,048) | **(1,024,063)** | (332,034) | (1,454,279) | **(1,786,313)** |
| Cash holdings (excluding net project grants received in advance) | **2,487,580** | **521,352** | **3,008,932** | 2,029,677 | 437,227 | **2,466,904** |
| Other working capital | (459,686) | (521,352) | **(981,038)** | (184,060) | (437,227) | **(621,287)** |
| Investments | 3,123,674 | - | **3,123,674** | 3,185,786 | - | **3,185,786** |
| General Fund | **5,151,568** | **-** | **5,151,568** | **5,031,403** | **-** | **5,031,403** |
| No. of months of forecast expenditure (excluding direct project costs) | 6.90 | | | 6.29 | | |
| Target level for the General Fund: (6 months' forecast expenditure, excluding direct project costs) | £4.5m | | | £4.8m | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| General Fund | 5,151,568 | - | 5,151,568 | 5,031,403 | - | 5,031,403 |
| Fixed Asset Fund | 909,547 | - | 909,547 | 47,552 | - | 47,552 |
| Intangible Asset Fund | - | - | - | 34,877 | - | 34,877 |
| **Total reserves** | **6,061,115** | **-** | **6,061,115** | **5,113,832** | **-** | **5,113,832** |

### Principal risks and uncertainties

The Board of Trustees 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 Board of Trustees 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 key risks that have been considered by the Board of Trustees in 2025 are:

- the transition in the Director position from Paul Johnson to Helen Miller;
- IFS's office move, including the new office fit-out;
- the transition in ERP systems from Deltek Vision to Oracle NetSuite;
- IFS's financial return on its reserves;
- compliance with the Charity Governance Code;
- diversification of income, through a strategic review of fundraising;
- staff satisfaction, through a review of the staff survey results;
- governance, through a wide-ranging review; and
- changing political landscape in the UK.

### Going concern

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements. The members of the Board of Trustees have reviewed this work and are happy with the methodology and conclusions. They thus remain of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

# Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure, of the charity for the year. In preparing those financial statements, the Trustees are required:

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

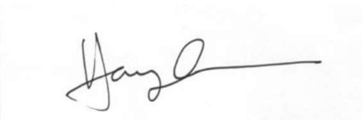
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, to disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the time the report is approved are aware:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Approved and authorised for issue by the Board of Trustees and signed on their behalf by



Harry Gaskell, Chair of Trustees

Date: 09/06/26

Company registered number: 00954616

Registered charity: 258815

# Independent Auditor's Report to members of The Institute for Fiscal Studies

### Opinion on the financial statements

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 2025 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Institute for Fiscal Studies ('the Charitable Company') for the year ended 31 December 2025 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic Report or the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Charitable Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Charities Act, UK Companies Act and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Charitable Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Employment Law and Data Protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- reviewing financial statement disclosures and testing the supporting documentation to assess compliance with applicable laws and regulations;
- enquiries as to whether there have been any serious incident reports or correspondence with the Charity Commission and reviewing and assessing the impact of any reports or correspondence;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the progress of multi-year research projects and the classification of grants and contracts as restricted or unrestricted; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable 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 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.

Signed by:
Moore Kingston Smith LLP.
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James Saunders 16/6/2026

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor

London, UK

Date

Moore Kingston Smith LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Financial reports

## Statement of financial activities

| Year ended 31 December | | 2025 Unrestricted £ | 2025 Restricted £ | 2025 Total £ | 2024 Total £ |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | 2 | 388,220 | - | 388,220 | 432,912 |
| Charitable activities | 3 | 2,128,367 | 9,216,590 | 11,344,957 | 10,670,404 |
| Investment income | 4 | 131,300 | - | 131,300 | 188,684 |
| Other income | | 1,217,111 | - | 1,217,111 | 78,473 |
| **Total income** | | **3,864,998** | **9,216,590** | **13,081,588** | **11,370,473** |
| **Expenditure on:** | | | | | |
| Raising funds | 6 | 120,097 | - | 120,097 | 105,299 |
| Charitable activities | 6 | 2,062,949 | 9,889,147 | 11,952,096 | 10,854,688 |
| **Total expenditure** | | **2,183,046** | **9,889,147** | **12,072,193** | **10,959,987** |
| **Net income before net gains on investment** | | **1,681,952** | **(672,557)** | **1,009,395** | **410,486** |
| Net gains on investments | 11 | **(62,112)** | **-** | **(62,112)** | **150,666** |
| **Net income for the year** | | **1,619,840** | **(672,557)** | **947,283** | **561,152** |
| Transfers between funds | 15 | **(672,557)** | **672,557** | **-** | **-** |
| **Net movement in funds** | | **947,283** | **-** | **947,283** | **561,152** |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | 16 | **5,113,832** | - | **5,113,832** | **4,552,680** |
| Total funds carried forward | 16 | **6,061,115** | - | **6,061,115** | **5,113,832** |

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.

## Balance sheet

| As at 31 December | | 2025<br>£ | 2024<br>£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 10 | 909,547 | 47,552 |
| Investments | 11 | 3,123,674 | 3,185,786 |
| Debtors: amounts falling due after more than one year | | 100,000 | - |
| **Total fixed assets** | | **4,133,221** | **3,233,338** |
| Intangible assets | 12 | - | 34,877 |
| **Total intangible assets** | | **-** | **34,877** |
| **Current assets** | | | |
| Debtors | 13 | 2,431,851 | 2,010,402 |
| Short-term deposits | | 3,033,053 | 2,522,571 |
| Cash at bank and in hand | | 999,942 | 1,730,646 |
| **Total current assets** | | **6,464,846** | **6,263,619** |
| **Liabilities:** | | | |
| Creditors: amounts falling due within one year | 14 | **(4,370,977)** | (4,418,002) |
| **Net current assets** | | **2,093,869** | **1,845,617** |
| Creditors: amounts falling due after one year | 14 | **(165,975)** | - |
| **Net assets** | | **6,061,115** | **5,113,832** |
| **Total funds:** | | | |
| Unrestricted funds | | | |
| - General Fund | 15 | 5,151,568 | 5,031,403 |
| - Fixed Asset Fund | 15 | 909,547 | 47,552 |
| - Intangible Asset Fund | 15 | - | 34,877 |
| | | **6,061,115** | **5,113,832** |
| Restricted | 15 | - | - |
| **Total** | | **6,061,115** | **5,113,832** |

Approved and authorised for issue by the Trustees and signed on their behalf by

Harry Gaskell, Chair of Trustees

Date: 09/06/26

Company registered number: 00954616

Registered Charity: 258815

## Statement of cash flows

| Year ended 31 December | 2025 £ | 2024 £ |
|---|---|---|
| **Reconciliation of net income to net cash flow from operating activities** | | |
| Net income for the reporting period (as per the statement of financial activities) | 947,283 | 561,152 |
| **Adjustments for:** | | |
| Depreciation charges | 60,659 | 34,527 |
| Amortisation charges | 34,877 | 46,502 |
| Investment income | (131,300) | (188,684) |
| (Gains) on investments | 62,112 | (150,666) |
| (Increase) in debtors and accrued income | (421,449) | (200,912) |
| Increase / (decrease) in creditors and accrued expenses | 610,939 | (573,778) |
| (Decrease) in grants received in advance of expenditure | (491,989) | (507,981) |
| **Net cash (expended on) / generated from operating activities** | **671,132** | **(979,840)** |
| | | |
| Interest on investments | 131,300 | 188,684 |
| Increase in lease deposit | (100,000) | - |
| Purchase of tangible fixed assets | (922,654) | (19,279) |
| Purchase of investments | - | (397,699) |
| **Cash flows from investing activities** | **(891,354)** | **(228,294)** |
| | | |
| **Change in cash and cash equivalents in the reporting period** | **(220,222)** | **(1,208,133)** |
| Cash and cash equivalents at the beginning of the reporting period | 4,253,217 | 5,461,350 |
| **Cash and cash equivalents at the end of the reporting period** | **4,032,995** | **4,253,217** |
| | | |
| **Analysis of cash and cash equivalents** | | |
| Short-term deposits | 3,033,053 | 2,522,571 |
| Cash at bank and in hand | 999,942 | 1,730,646 |
| **Total cash and cash equivalents** | **4,032,995** | **4,253,217** |

No net debt reconciliation has been presented as the Institute has no borrowings or external debt.

# Notes to the accounts

## 1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Institute for Fiscal Studies meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**Going concern**

IFS has modelled and stress-tested its cash flows and this work concluded that it will have sufficient liquid resources (cash and investments that can be converted to cash) to continue to operate for at least 12 months from the date of approval of these financial statements. The members of the Board of Trustees have reviewed this work and are happy with the methodology and conclusions. They thus remain of the view that there are no material uncertainties that call into doubt IFS's ability to continue. The financial statements have therefore been prepared on the basis that IFS is a going concern.

### b) Tangible fixed assets and depreciation

All tangible fixed assets costing more than £1,000 (excluding VAT) 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 Trustees have determined that all costs relating to the refurbishment of the premises be depreciated over ten years, 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. Where the length of any remaining lease is less than five years, then any refurbishment costs are depreciated up to the end of the year in which the lease comes to an end.

### c) Listed investments

'Investments' refers to a single investment fund provided by a major fund manager in the charity sector. Purchases are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains on investments' in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

### d) Intangible assets and amortisation

All intangible assets capitalised are amortised over three years from the point when they are brought into actual use.

### e) Income – membership subscriptions and donations

Membership income is deferred to the extent that it relates to services to be provided in future periods. Donations are credited to the statement of financial activities at the date of receipt.

## f) Income – publications

Royalty income receivable from the publisher of the IFS-owned journal, *Fiscal Studies*, is recognised on an accruals basis and in accordance with the substance of the publishing agreement.

## g) Income – research activities

Income from research activities is recognised when the Institute has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably.

The Institute is usually entitled to research income in stages over the course of a project, subject to performance-related conditions requiring a particular level of service or output, often approximating to when related expenditure is incurred. In such cases, research income is credited to the statement of financial activities when it falls due to be received to the extent that it is matched by related expenditure.

Where donations or grants are received without performance-related conditions, entitlement usually arises on receipt and research income is credited to the statement of financial activities when it falls due to be received.

## h) Interest and dividends receivable

Interest on funds held on deposit and dividends on investments are included when receivable and the amount can be measured reliably.

## i) Allocation of expenses

Direct and indirect expenses are included when incurred. The majority of expenses are directly attributable to specific activities. Indirect overhead costs (e.g. premises and administration) are allocated on a basis consistent with the use of the resource, usually on a per-capita basis. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

## j) Pension costs

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

## k) Operating leases

Leasing charges in respect of operating leases are charged to the statement of financial activities as they are incurred.

## l) Current asset investments – short-term deposits

Current asset investments include cash on deposit and cash equivalents held for investment purposes rather than to meet short-term cash commitments as they fall due.

## m) Foreign currency

The value of the balances in the Institute's Euro and US Dollar accounts at the end of the year was based on the exchange rate as at 31 December 2025. Transactions in foreign currencies are calculated at the exchange rate ruling at the date of the transaction and Institute-wide foreign exchange gains or losses made during the year are taken into account in arriving at the net income for the year.

## n) Financial instruments

IFS only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

## o) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires some judgements and estimates to be made. The items in the financial statements where judgements and estimates are made include:

- judging the progress of multi-year research projects;

- estimating the useful economic life of tangible fixed assets;
- estimating the useful economic life of intangible assets; and
- estimates relating to the allocation of support costs across expenditure categories.

## p) Funds

IFS maintains three internal funds, which include restricted and unrestricted funds.

Unrestricted – General Fund: these funds are derived from any unrestricted donations and grants received by IFS as well as from contracts for research that are unrestricted in nature. These are funds that can be used for any purpose within the charitable objectives of IFS.

Unrestricted – designated Fixed Asset Fund: this fund represents resources set aside to cover future capital expenditure. The value of this fund at the year-end represents the net book value of tangible fixed assets and intangible assets.

Restricted – research funds: these funds represent grants and donations received to cover project expenditure on research projects. The restrictions are imposed by the funder, usually with respect to the specific research project being undertaken. The nature of the portfolio of research grants and contracts is such that in most cases income and expenditure are closely matched.

## 2. Membership and donations

| | 2025 £ | 2024 £ |
|---|---|---|
| Corporate membership | 262,150 | 227,775 |
| Individual membership | 52,570 | 55,637 |
| | **314,720** | **283,412** |
| Other donations | 73,500 | 149,500 |
| | **388,220** | **432,912** |

No donations were received from Trustees and their spouses in the year (2024: £620).

## 3. Income from charitable activities

IFS frequently collaborates with universities and other research organisations. The income classification below is based on the ultimate funder of the research.

| | 2025 Unrestricted £ | 2025 Restricted £ | 2025 Total £ | 2024 Unrestricted £ | 2024 Restricted £ | 2024 Total £ |
|---|---|---|---|---|---|---|
| ESRC | - | 4,471,995 | 4,471,995 | - | 4,951,447 | 4,951,447 |
| Charitable trusts and foundations | 198,409 | 2,173,956 | 2,372,365 | 329,631 | 1,564,292 | 1,893,923 |
| Government (or similar) | 1,129,277 | 2,570,639 | 3,699,916 | 996,183 | 2,363,579 | 3,359,762 |
| Other organisations | 641,458 | - | 641,458 | 364,601 | 98 | 364,699 |
| Event income | 122,209 | - | 122,209 | 31,473 | - | 31,473 |
| Publications | 37,014 | - | 37,014 | 69,100 | - | 69,100 |
| | **2,128,367** | **9,216,590** | **11,344,957** | **1,790,988** | **8,879,416** | **10,670,404** |

IFS receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of IFS. IFS does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these accounts.

## 4. Investment income

All investment income arises from money held in interest-bearing deposits. IFS reinvests all dividends and other income earned on its investment fund and so takes no distributions to the statement of financial activities.

## 5. Analysis of expenditure

Total costs include payments to third parties that work together with 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. Gross receipts are reflected in the Institute's revenues and, depending on the types of project undertaken, may vary significantly from year to year.

| Analysis of expenditure 2025 | Total charitable activities £ | Raising funds £ | Governance costs £ | Support costs £ | 2025 total £ | 2024 total £ |
|---|---|---|---|---|---|---|
| Research collaborations and subcontracts | 2,005,922 | - | - | - | **2,005,922** | 1,581,355 |
| Data costs and data collection costs | 145,037 | - | - | - | **145,037** | 176,444 |
| IFS travel, accommodation and subsistence | 177,529 | - | - | - | **177,529** | 233,814 |
| Visitor travel, accommodation and subsistence | - | - | - | - | **-** | 2,149 |
| Event, publication and dissemination costs | 498,645 | - | - | | **498,645** | 430,387 |
| Other direct costs | 194,471 | - | - | - | **194,471** | 197,584 |
| Premises | - | - | - | 1,290,541 | **1,290,541** | 676,742 |
| IT and office costs | - | - | - | 457,624 | **457,624** | 609,917 |
| Other staff costs | - | - | - | 237,759 | **237,759** | 159,551 |
| Insurance and professional fees | - | - | 36,471 | 312,357 | **348,828** | 368,675 |
| Other | - | - | - | 91,574 | **91,574** | 83,437 |
| **Total costs (excl. staff costs)** | **3,021,604** | **-** | **36,471** | **2,389,855** | **5,447,930** | **4,520,055** |
| Staff costs (universities) | 596,031 | - | - | - | **596,031** | 790,989 |
| Research Fellows and Research Associates | 50,417 | - | - | - | **50,417** | 64,583 |
| | **646,448** | **-** | **-** | **-** | **646,448** | **855,572** |
| IFS staff costs (research) | 4,625,230 | 26,246 | 26,246 | - | **4,677,722** | 4,383,164 |
| IFS staff costs (events and dissemination) | - | 60,897 | - | 572,353 | **633,250** | 559,547 |
| IFS staff costs (research services) | - | 9,713 | - | 184,549 | **194,262** | 177,367 |
| IFS staff costs (central) | - | 3,143 | 26,291 | 443,147 | **472,581** | 464,282 |
| | **4,625,230** | **99,999** | **52,537** | **1,200,049** | **5,977,815** | **5,584,360** |
| **Total staff costs (incl. Fellows and Associates)** | **5,271,678** | **99,999** | **52,537** | **1,200,049** | **6,624,263** | 6,439,932 |
| **Total expenditure** | **8,293,282** | **99,999** | **89,008** | **3,589,904** | **12,072,193** | 10,959,987 |
| Allocation of support costs (including governance) | 3,658,814 | 20,098 | (89,008) | (3,589,904) | - | - |
| **Total expenditure** | **11,952,096** | **120,097** | - | - | **12,072,193** | 10,959,987 |

| Analysis of expenditure 2024 | Total charitable activities £ | Raising funds £ | Governance costs £ | Support costs £ | 2024 total £ |
|---|---|---|---|---|---|
| Research collaborations and subcontracts | 1,581,355 | - | - | - | **1,581,355** |
| Data costs and data collection costs | 176,444 | - | - | - | **176,444** |
| IFS travel, accommodation and subsistence | 233,814 | - | - | - | **233,814** |
| Visitor travel, accommodation and subsistence | 2,149 | - | - | - | **2,149** |
| Event, publication and dissemination costs | 362,100 | - | - | 68,287 | **430,387** |
| Other direct costs | 197,584 | - | - | - | **197,584** |
| Premises | - | - | - | 676,742 | **676,742** |
| IT and office costs | - | - | - | 609,917 | **609,917** |
| Other staff costs | - | - | - | 159,551 | **159,551** |
| Insurance and professional fees | - | - | 55,370 | 313,305 | **368,675** |
| Other | - | - | - | 83,437 | **83,437** |
| **Total costs (excluding staff costs)** | **2,553,446** | **-** | **55,370** | **1,911,239** | **4,520,055** |
| | | | | | |
| Staff costs (universities) | 790,989 | - | - | - | **790,989** |
| Research Fellows and Research Associates | 64,583 | - | - | - | **64,583** |
| | **855,572** | **-** | **-** | **-** | **855,572** |
| | | | | | |
| IFS staff costs (research) | 4,326,995 | 31,840 | 24,330 | - | **4,383,164** |
| IFS staff costs (events and dissemination) | - | 46,071 | - | 513,476 | **559,547** |
| IFS staff costs (research services) | - | 8,868 | - | 168,499 | **177,367** |
| IFS staff costs (central) | - | 2,975 | 22,848 | 438,459 | **464,282** |
| | **4,326,995** | **89,753** | **47,178** | **1,120,434** | **5,584,360** |
| | | | | | |
| **Total staff costs (including Fellows and Associates)** | **5,182,567** | **89,753** | **47,178** | **1,120,434** | **6,439,932** |
| | | | | | |
| **Total expenditure** | **7,736,013** | **89,753** | **102,548** | **3,031,673** | **10,959,987** |
| Allocation of support costs (including governance) | 3,118,675 | 15,546 | (102,548) | (3,031,673) | - |
| **Total expenditure** | **10,854,688** | **105,299** | - | - | **10,959,987** |

## 6. Expenditure

| 2025 | Unrestricted | Restricted | 2025 total | 2024 total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost of raising funds** | | | | |
| Direct costs (membership programme) | - | - | - | - |
| Staff costs (direct) | 99,999 | - | 99,999 | 89,753 |
| Support and governance costs (allocation) | 20,098 | - | 20,098 | 15,546 |
| | **120,097** | **-** | **120,097** | **105,299** |
| **Charitable activities** | | | | |
| Project costs | 478,402 | 2,543,202 | 3,021,604 | 2,553,446 |
| Staff costs (total) | 1,157,607 | 5,366,657 | 6,524,264 | 6,350,179 |
| Support and governance costs (allocation) | 426,940 | 1,979,288 | 2,406,228 | 1,951,063 |
| | **2,062,949** | **9,889,147** | **11,952,096** | **10,854,688** |
| **Total expenditure** | **2,183,046** | **9,889,147** | **12,072,193** | **10,959,987** |

| 2024 | Unrestricted | Restricted | 2024 total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost of raising funds** | | | |
| Direct costs (membership programme) | - | - | - |
| Staff costs (direct) | 89,753 | - | 89,753 |
| Support and governance costs (allocation) | 15,546 | - | 15,546 |
| | **105,299** | **-** | **105,299** |
| **Charitable activities** | | | |
| Project costs | 163,973 | 2,389,473 | 2,553,446 |
| Staff costs (total) | 1,015,422 | 5,334,757 | 6,350,179 |
| Support and governance costs (allocation) | 311,984 | 1,639,080 | 1,951,063 |
| | **1,491,378** | **9,363,310** | **10,854,688** |
| **Total expenditure** | **1,596,677** | **9,363,310** | **10,959,987** |

IFS initially identifies the costs of its support functions. It then identifies the costs that relate to governance. The remaining support costs together with the governance costs are apportioned between charitable activities and the cost of raising funds.

The cost of raising funds includes costs related to the IFS membership programme and costs related to activities focused on seeking funding. These include some direct costs and direct staff time, as well as an allocation of support costs. Support costs are allocated on the basis of staff time.

Governance costs include the costs of external audit. Other governance costs relate primarily to costs associated with the AGM and Annual Lecture and dinner. No expenses were claimed by the Trustees during the year (2024 £0).

## 7. Net income

Net income is stated after charging:

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Depreciation | 60,659 | 34,527 |
| Amortisation | 34,877 | 46,502 |
| Auditor's remuneration | | |
| - Audit fees | 31,170 | 25,950 |
| - Tax advisory services | 1,801 | - |
| Operating lease rentals – property | 624,154 | 409,453 |

Audit fees are stated net of VAT and disbursements.

## 8. Analysis of staff costs and key management personnel

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 5,072,782 | 4,794,853 |
| Social security costs | 613,952 | 508,577 |
| Pension costs | 291,080 | 280,930 |
| | **5,977,815** | **5,584,360** |
| *Comprising:* | | |
| Researchers | 4,677,722 | 4,383,164 |
| Support staff | 1,300,092 | 1,201,196 |
| **IFS payroll staff** | **5,977,815** | **5,584,360** |
| Staff costs (universities) | 596,031 | 790,989 |
| Research Fellow and Research Associate payments | 50,417 | 64,583 |
| | **6,624,263** | **6,439,932** |

IFS has agreements in place with several universities/institutions for the provision of an agreed proportion of the working time (typically 5–40%) of, during 2025, on average 11 (2024:12) named, highly skilled individuals to carry out specific research duties at IFS in their areas of academic excellence. In 2025, £50,000 (2024: £60,000) of the amount for Research Fellows and Research Associates relates to these individuals.

During 2025, the Institute's senior management team comprised: the Directors, Paul Johnson (to June 2025) and Helen Miller (from July 2025), and the Research Director, Professor Imran Rasul. In 2025, the total compensation for these key management personnel, including amounts due to universities under contractual arrangement for the provision of an agreed amount of the Research Directors' time was £501,984 (1.25 FTE) (2024: £612,734 (1.825 FTE)).

## 8. Analysis of staff costs and key management personnel (cont.)

The numbers of employees whose emoluments (excluding pension contributions) were in excess of £60,000 are shown in the ranges below. In addition, pension contributions were paid by the Institute on behalf of these employees. The total sum of these contributions was £212,899 (for 36 employees) (2024: £214,505 (for 35 employees).

| | 2025 Number | 2024 Number |
|---|---|---|
| £60,001–£70,000 | 6 | 13 |
| £70,001–£80,000 | 12 | 6 |
| £80,001–£90,000 | 4 | 6 |
| £90,001–£100,000 | 4 | 5 |
| £100,001–£110,000 | 6 | 2 |
| £110,001–£120,000 | 1 | 0 |
| £120,001–£130,000 | 0 | 1 |
| £130,001–£140,000 | 1 | 0 |
| £150,001–£160,000 | 1 | 1 |
| £160,001–£170,000 | 1 | 0 |
| £260,001–£270,000 | 0 | 1 |
| | **36** | **35** |

## 9. Staff numbers

| | 2025 FTE | Average number | 2024 FTE | Average number |
|---|---|---|---|---|
| **Research staff** | | | | |
| Permanent contracts | 41.1 | 46.4 | 40.8 | 44.4 |
| Fixed-term contracts | 13.1 | 18.1 | 12.8 | 17.8 |
| Variable-hours contracts | 3.7 | 3.8 | 1.5 | 1.8 |
| | 57.9 | 68.3 | 55.1 | 64.0 |
| **Central staff** | | | | |
| Events, publications, dissemination | 10.8 | 12.0 | 9.9 | 11.1 |
| Finance, HR, IT, central support | 6.8 | 7.3 | 7.6 | 8.0 |
| Research services | 3.0 | 3.0 | 2.8 | 2.8 |
| | 20.6 | 22.3 | 20.3 | 21.9 |
| **Total** | 78.5 | 90.6 | 75.4 | 85.8 |
| Full-time | | 59.7 | | 62.8 |
| Part-time | | 30.9 | | 23.0 |

## 10. Tangible fixed assets

| | Fixtures and improvements to short leasehold premises | Electronic hardware | Office equipment | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost** | | | | |
| At 1 January 2025 | 781,607 | 428,766 | - | 1,210,373 |
| Additions | 765,917 | 36,770 | 119,967 | 922,654 |
| Disposals and assets no longer in use | (781,607) | (308,663) | - | (1,090,270) |
| **At 31 December 2025** | **765,917** | **156,873** | **119,967** | **1,042,757** |
| | | | | |
| **Depreciation** | | | | |
| At 1 January 2025 | 781,607 | 381,214 | - | 1,162,821 |
| Charge for the year | 18,440 | 36,221 | 5,998 | 60,659 |
| Disposals and assets no longer in use | (781,607) | (308,663) | - | (1,090,270) |
| **At 31 December 2025** | **18,440** | **108,772** | **5,998** | **133,210** |
| | | | | |
| **Net book value** | | | | |
| As at 31 December 2025 | **747,477** | **48,101** | **113,969** | **909,547** |
| As at 31 December 2024 | - | **47,552** | - | **47,552** |

## 11. Investments

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Fair value at the start of the year | 3,185,786 | 2,637,421 |
| Additions at cost | - | 397,699 |
| Disposal proceeds | - | - |
| Net (loss)/gain in fair value | (62,112) | 150,666 |
| **Fair value at the end of the year** | **3,123,674** | **3,185,786** |

As at 31 December 2025, the total investment holding was in CCLA's COIF Charities Investment Fund.

## 12. Intangible assets

| | IFS website | Total |
|---|---|---|
| | £ | £ |
| **Cost** | | |
| At 1 January 2025 | 139,508 | 139,508 |
| **At 31 December 2025** | **139,508** | **139,508** |
| | | |
| **Amortisation** | | |
| At 1 January 2025 | 104,631 | 104,631 |
| Charge for the year | 34,877 | 34,877 |
| **At 31 December 2025** | **139,508** | **139,508** |
| | | |
| **Net book value** | | |
| As at 31 December 2025 | - | - |
| As at 31 December 2024 | **34,877** | **34,877** |

All contracted costs associated with the build of IFS's new website, in line with FRS 102 requirements.

## 13. Debtors

| | Unrestricted | Restricted | 2025 | 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Accrued income | 6,606 | 1,515,585 | 1,522,191 | 1,251,930 |
| Trade debtors | 312,665 | 219,079 | 531,744 | 391,326 |
| Other debtors | 7,297 | - | 7,297 | 2 |
| Prepayments | 350,291 | 20,328 | 370,619 | 367,144 |
| | **676,859** | **1,754,992** | **2,431,851** | **2,010,402** |

## 14. Creditors

| | Unrestricted | Restricted | 2025 | 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Amounts falling due within one year** | | | | |
| Trade payables | 319,613 | 41,621 | 361,234 | 142,407 |
| Taxation and social security | 152,122 | - | 152,122 | 145,806 |
| VAT | 56,308 | - | 56,308 | 15,883 |
| Accruals | 466,705 | 698,810 | 1,165,515 | 1,075,663 |
| Other creditors | 89,544 | | 89,544 | - |
| | **1,084,292** | **740,431** | **1,824,723** | **1,379,759** |
| **Deferred income** | | | | |
| **Balance at 1 January 2025** | **516,537** | **2,521,706** | **3,038,243** | **3,546,223** |
| Amount released to income | (441,470) | (1,981,769) | (2,423,239) | (3,123,853) |
| Amount deferred in the year | 468,554 | 1,462,696 | 1,931,250 | 2,615,873 |
| **Balance at 31 December 2025** | **543,621** | **2,002,633** | **2,546,254** | **3,038,243** |
| **Total creditors: amounts falling due within one year** | **1,627,913** | **2,743,064** | **4,370,977** | **4,418,002** |
| **Amounts falling due after one year** | | | | |
| Lease incentive | 165,975 | - | 165,975 | - |
| **Total creditors: amounts falling due after one year** | **165,975** | **-** | **165,975** | - |

As at 31 December 2025, total deferred income was £2,546,254 (2024: £3,038,243). This includes amounts received on multi-year projects, where the timing of the related expenditure may be more than 12 months from the balance sheet date. A proportion of this deferred income will therefore not be released to income until 2026.

Included in accruals is a provision for dilapidations of £103,269 (2024: £233,113). The estimated future cost of dilapidations is reviewed annually and adjusted as appropriate.

## 15. Analysis of movement in funds

| 2025 | At 1 Jan 2025 | Income | Expenditure | Net gains on investment | Transfers | At 31 Dec 2025 |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Unrestricted funds** | | | | | | |
| General Fund | 5,031,403 | 3,864,998 | (2,183,046) | (62,112) | (1,499,675) | 5,151,568 |
| Fixed Asset Fund | 47,552 | - | - | - | 861,995 | 909,547 |
| Intangible Asset Fund | 34,877 | - | - | - | (34,877) | - |
| | **5,113,832** | **3,864,998** | **(2,183,046)** | **(62,112)** | **(672,557)** | **6,061,115** |
| **Restricted funds** | | | | | | |
| Research funds | - | 9,216,590 | (9,889,147) | - | 672,557 | - |
| **Total funds** | **5,113,832** | **13,081,588** | **(12,072,193)** | **(62,112)** | **-** | **6,061,115** |

| 2024 | At 1 Jan 2024 | Income | Expenditure | Net gains on investment | Transfers | At 31 Dec 2024 |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Unrestricted funds** | | | | | | |
| General Fund | 4,408,501 | 2,491,056 | (1,596,677) | 150,666 | (422,143) | 5,031,403 |
| Fixed Asset Fund | 62,800 | - | - | - | (15,248) | 47,552 |
| Intangible Asset Fund | 81,379 | - | - | - | (46,502) | 34,877 |
| | **4,552,680** | **2,491,056** | **(1,596,677)** | **150,666** | **(483,894)** | **5,113,832** |
| **Restricted funds** | | | | | | |
| Research funds | - | 8,879,416 | (9,363,310) | - | 483,894 | - |
| **Total funds** | **4,552,680** | **11,370,472** | **(10,959,987)** | **150,666** | **-** | **5,113,832** |

Amounts have been transferred from the General Fund to restricted research funds to cover the overall deficit arising on the restricted research grants that completed during the year. This deficit was driven primarily by the effects of inflation on projects with multi-year budgets, and the lack of full overhead recovery on many of these projects.

Within restricted research funds are funds relating to projects where the agreement with the funder requests that the project funding is separately disclosed in the financial statements. During 2025, the income and expenditure on these grants was as set out below.

## 2025

| Project name | Funder | Start date | End date | 2025 income £ | Accrued/(Deferred) income as at 31 Dec 2025 £ |
|---|---|---|---|---|---|
| The Centre for Tax Analysis in Developing Countries – Phase 3 (TAXDEV III) | Foreign, Commonwealth & Development Office | 01/05/23 | 31/03/30 | 2,023,081 | 694,879 |
| Pensions Commission | Aberdeen Group Charitable Trust (registered charity number SC040877), under the Trust's prior charitable name, abrdn Financial Fairness Trust | 01/01/23 | 30/06/27 | 197,428 | 11,230 |
| Evaluating the Two-Child Limit | Nesta | 01/12/22 | 31/08/25 | 20,698 | (9,459) |
| Scottish Election Analysis | The Robertson Trust | 01/11/25 | 31/05/26 | 0 | (40,000) |
| Effects of Local Government Finance Systems | The Health Foundation | 02/09/24 | 31/08/26 | 67,357 | (73,751) |

## 2024

| Project name | Funder | Start date | End date | 2024 income £ | Accrued/(Deferred) income as at 31 Dec 2024 £ |
|---|---|---|---|---|---|
| The Centre for Tax Analysis in Developing Countries – Phase 3 (TAXDEV III) | Foreign, Commonwealth & Development Office | 01/05/23 | 31/03/30 | 1,625,946 | 436,010 |
| Effects of Local Government Finance Systems | The Health Foundation | 02/09/24 | 31/03/26 | 10,296 | (40,172) |
| Pensions Commission | abrdn Financial Fairness Trust | 01/01/23 | 30/06/27 | 320,268 | (46,198) |
| General Election Policy Proposal Analysis | abrdn Financial Fairness Trust | 01/01/24 | 31/12/24 | 113,000 | - |
| Evaluating the Two-Child Limit | Nesta | 01/12/22 | 31/03/24 | 35,010 | (5,156) |
| UK 2040: Options – Taxation and Public Finance | Nesta | 01/06/23 | 30/04/24 | 29,869 | - |

## 16. Analysis of net assets between funds

| | 2025 Unrestricted £ | 2025 Restricted £ | 2025 Total £ | 2024 Unrestricted £ | 2024 Restricted £ | 2024 Total £ |
|---|---|---|---|---|---|---|
| Tangible fixed assets | 909,547 | - | **909,547** | 47,552 | - | **47,552** |
| Investments | 3,123,674 | - | **3,123,674** | 3,185,786 | - | **3,185,786** |
| Intangible assets | - | - | **-** | 34,877 | - | **34,877** |
| Cash at bank and in hand | 3,024,595 | 1,008,400 | **4,032,995** | 2,361,711 | 1,891,506 | **4,253,217** |
| Net current assets/(liabilities) | (996,701) | (1,008,400) | **(2,005,101)** | (516,094) | (1,891,506) | **(2,407,600)** |
| **Net assets at 31 Dec** | **6,061,115** | **-** | **6,061,115** | 5,113,832 | - | **5,113,832** |

## 17. Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases is set out below for each of the following periods:

| | 2025 £ | 2024 £ |
|---|---|---|
| One year | 367,500 | 449,630 |
| Two to five years | 2,197,952 | 1,830,452 |
| After five years | 3,135,329 | 3,858,750 |

## 18. Pension scheme

The total pension cost to IFS for contributions to employees' pension schemes under IFS's group personal pension plans with Scottish Widows was £291,980 (2024: £280,930). In addition, two members of staff (2024: two) participated in other personal pension schemes, of their own choice, to which the Institute contributed £11,392 (2024: £15,319).

| | 2025 £ | 2024 £ |
|---|---|---|
| Scottish Widows | 280,588 | 265,611 |
| Other | 11,392 | 15,319 |
| | **291,980** | **280,930** |

## 19. Related party transactions

No donations were received from Trustees and their spouses in the year (2024: £620).

## 20. Contingent assets

None.

## 21. Committed costs

As at 31 December 2025, IFS had signed a service contract comprising implementation costs totalling £137k, which will be capitalised and depreciated over 10 years from go live in 2026. In addition, it is committed to licence costs totalling £167k over three years.

## 22. Comparative information: statement of financial activities for the year to 31 December 2024

| Year ended 31 December | 2024<br>Unrestricted<br>£ | 2024<br>Restricted<br>£ | 2024<br>Total<br>£ |
|---|---|---|---|
| **Income from:** | | | |
| Donations and legacies | 432,912 | - | 432,912 |
| Charitable activities | 1,790,988 | 8,879,416 | 10,670,404 |
| Investment income | 188,684 | - | 188,684 |
| Other income | 78,473 | - | 78,473 |
| **Total income** | **2,491,057** | **8,879,416** | **11,370,473** |
| **Expenditure on:** | | | |
| Raising funds | 105,299 | - | 105,299 |
| Charitable activities | 1,491,378 | 9,363,310 | 10,854,688 |
| **Total expenditure** | **1,596,677** | **9,363,310** | **10,959,987** |
| **Net income before net gains on investment** | **894,380** | **(483,894)** | **410,486** |
| Net gains on investment | **150,666** | - | **150,666** |
| **Net income for the year** | **1,045,046** | **(483,894)** | **561,152** |
| Transfers between funds | **(483,894)** | **483,894** | - |
| **Net movement in funds** | **561,152** | **-** | **561,152** |
| **Reconciliation of funds:** | | | |
| Total funds brought forward | **4,552,680** | - | **4,552,680** |
| Total funds carried forward | **5,113,832** | - | **5,113,832** |

There were no other recognised gains or losses other than the net income for the year. All amounts relate to continuing operations.