

Company No: 2292601 (England and Wales)
Charity No: 800065

INSTITUTE FOR PUBLIC POLICY RESEARCH LTD

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Registered address:
30-32 Southampton Street
London WC2E 7RA

INSTITUTE FOR PUBLIC POLICY RESEARCH LTD

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Legal and administrative information

Full name of charity

Institute for Public Policy Research Ltd

Other names used by the charity

Institute for Public Policy Research, ippr

Charity registration number

800065

Company registration number

2292601

Directors and Trustees who have acted during the year

C Powell	Chairman
Professor the Lord Bhattacharyya	
Lord Brooke	
Lord Eatwell	
Lord Gavron	
J Hardie	Treasurer
Lord Hollick	
Professor J Humphries	
Professor R Jowell	
Rt Hon Lord Kinnock	
R Lambert	Resigned 3 April 06
F O'Grady	
Dr C Patel	Secretary
Sir Michael Perry	
D Pitt-Watson	
D Prentis	
Lord Puttnam	
Lord M Rees	
E Sweeney	Resigned 9 June 06
Baroness S Williams	
Baroness Young of Old Scone	
Dr Jane Roberts DBE	
C Oppenheim	Appointed 3 April 06
K Parminter	Appointed 4 December 06

Chief Executive

The day-to-day management of the organisation is delegated to the Chief Executive, Nick Pearce.

Legal and administrative information (continued)

Registered office

30-32 Southampton Street
London
WC2E 7RA

Company secretary

Dr C Patel

Auditors

Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

Bankers

Unity Trust Bank plc
9 Brindley Place
4 Oozells Square
Birmingham B1 2HB

Solicitors

Bates Wells & Braithwaite
Cheapside House
138 Cheapside
London EC2V 6BB

Insurance brokers

Stackhouse Poland Ltd
New House
Bedford Road
Guildford
Surrey
GU1 4SJ

Report of the Trustees

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 December 2006.

Structure, Governance and Management

How the charity is constituted and the nature of the governing document

The charity is constituted as a company limited by guarantee and is governed by a Memorandum and Articles of Association.

Method of recruitment and appointment of trustees

The trustees (who are the directors of the company for Companies Act purposes) are elected by the company's members at the Annual General Meeting. One third of the trustees retire each year. The trustees have the power to appoint to fill casual vacancies. New trustees can be nominated by any trustee.

Induction and training of trustees

Trustees are given an in-depth introduction to the organisation and the role of trustee through meetings with other trustees (including the Chair) and meetings with staff (including Chief Executive). New trustees are also given relevant documentation including recent research, meeting minutes and annual reports.

Organisational structure

The day-to-day running of the organisation is delegated to staff under the leadership of the Chief Executive. The board of trustees meet on a quarterly basis primarily to discuss issues of strategic direction both in relation to the running of the organisation and the research priorities. They therefore approve an annual strategic plan and budget before the start of the year and then monitor progress against the plan during the year.

Group structure

The charity fully owns a trading subsidiary, IPPR Trading Limited, which undertakes consultancy work. Both ippr north and Centre for Cities are teams within the charity.

Risk management

During the year the trustees continued to develop and refine their risk management strategy, which comprises:

- an annual review of the major risks to which the charity is exposed
- the establishment of systems and procedures to mitigate those risks
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

The most significant external risk faced by the charity is the potential volatility of funding. This is being addressed through the reserves policy described below and through the diversification of income sources both in terms of sector (to reduce reliance on corporate donations) and activity (to reduce reliance on restricted research income). Internal risks have been minimised by the strengthening of senior management, financial controls and the research quality assurance process. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

Objectives and Activities

Objects

The charity's object is to contribute to public understanding of social, economic and political questions through research, discussion and publication. At any time there are many such questions and the Institute has to select those which are most urgent, most important, most susceptible to resolution and to which its own competencies are relevant. To some extent, urgency is determined by the politics of the day; those issues which are prominent in public debate, and for which public policy action is likely at some future point, are the ones where

Report of the Trustees (continued)

the public has the most urgent need to be informed. As part of this process ippr develops and disseminates policy ideas.

Principal activities

Over the past year the charity has undertaken research in the areas of sustainability, economics, education and employment, health and social policy, public services, public involvement, democracy, international issues, urban policy, regional policy, media and digital society. The charity has produced 73 publications (a selection of these are listed on page 19), with additional research papers published on the charity's website. The charity also held over 50 events in 2006: private seminars, workshops, public lectures, conferences and breakfast briefings (a small selection is listed on pages 20 and 21).

Achievements and Performance

Major reports were published on demographics, housing policy, childhood and youth transitions, intellectual property and the reform of the civil service. Our international team developed new strands of research on Africa and the Middle East, and we undertook a series of events and debates under the banner of ippr India Year. Regular high profile pieces of research were produced by our migration, sustainability and democracy teams. Pamphlets were commissioned from leading academics on the future of the EU, global economic governance, the philosophy of individual behaviour and state intervention, and the UK's waste policies.

During 2006, the Centre for Cities published a set of well received reports, developed its profile and networks, and grew its capacity. In a short space of time, it has become a leading voice on urban policy in the UK. Ippr North also boosted its profile, published work on rural, migration and social policies, and secured another 3 years core funding. A new Research Director was appointed at the end of the year, and a major new Commission on Public Services in the North East is planned for launch in Spring 2007.

Our events programme was exceptional in 2006. We established ippr as a leading UK venue for internationally renowned thinkers to come to present their work. Our presence at the party conferences was strong and successful, whilst the Oxford Media Convention became firmly established as a fixture in the media industry calendar.

We appointed a new web editor in 2006, improved our on-line offer and increased the traffic to our site. Our press coverage increased and is now at a consistently high level. The Director's profile was increased alongside that of the institute.

Plan for Future Periods

The key components of the organisational strategy for 2007 are:

- continued improvements to our research standards and capacities;
- the development of new branded research centres in the ippr, starting with a Climate Policy Centre, to attract long-term funding support;
- a more intense focus on fundraising strategy, capabilities, and donor relationship management;
- stronger cross-party networks, reflected in our events and debates, including more balanced representation at the party conferences;

Our research in 2007 will include a flagship Commission on National Security, and major projects on taxation, public services and other topics outlined in this plan. In 2007, we will publish the cross-cutting research projects on public service reform and behaviour change that we have undertaken in 2006. We will make further improvements to our journal, *Public Policy Research*, and to our website and marketing efforts.

Report of the Trustees (continued)

Financial Review

2006 saw another year of expansion at ippr, expenditure increasing to over £4m for the first time. In 2007 we are focusing on attracting longer-term funding from donors following a review of our fundraising function. This is in response to the diminishment of our restricted funds which fell from £425k at the start of 2006 to £29k at the end which is mainly due to the timing of our project and therefore our funding cycle.

Income

The income of the organisation has risen to £3,553k (2005: £3,361k). The increase is due to attracting an increased level of voluntary income at £2,549k (2005: £2,254k). Voluntary income represents donations both to individual research projects and to our central 'Core Partners' and 'Economic and Business Exchange' programmes. Our donation income comes from a variety of sectors including corporate (32% of the total donation income; 2005: 34%), trusts and foundations (16%; 2005: 24%) and individuals (15%; 2005: 24%). The majority of this income supports specific research projects. All our funders from the past year are listed on our website.

The Activities for Generating Funds income comprises commissioned research and rental income and has decreased to £348k (2005: £410k).

Conference fees and sponsorship income has fallen to £384k (2005: £471k) and is due to a reduction in the level of sponsorship of research-related events.

Expenditure

The increase in expenditure shows the continuing growth of the organisation over the past year. Expenditure has risen by 14% to £4,067k (2005: £3,572k). The expansion is consistent with the increase in average staff numbers to 72 (2005: 63).

Support costs (which are allocated to activities as shown in note 6) have remained at 23% of total expenditure (2005: 23%). Support costs are maintained at a level to provide a solid infrastructure for the organisation within the constraints of limited budgets.

Trading subsidiaries

IPPR Trading Limited carries out commercially commissioned research but only in areas where there is existing expertise or as an extension of existing policy work.

Tangible fixed assets for use by the charity

Details of movements in fixed assets of the organisation, all of which are held without restrictions, are set out in note 8 to the accounts.

Investment powers

There is no restriction on how the Charity's reserves can be invested. All the cash reserves are currently held in an interest bearing current account.

Funds in deficit

There are thirteen restricted funds in deficit at the year end (see note 12). All these funds are expected to receive restricted income to cover these deficits in 2007.

Reserves

The trustees recognise the need to hold reserves to allow protection of core activities in the event of income shortfalls, to promote balanced, long-term strategic planning and to enable the Institute to carry out exploratory research into otherwise unfunded areas of public policy. One specific contingency in the medium term for the organisation is the need for bigger and possibly more expensive premises when our current lease expires in December 2007.

The trustees have in the year reviewed the needs, risks and opportunities faced by the charity, along with relevant financial forecasts and analyses. On the basis of this review the

Report of the Trustees (continued)

trustees recognised the need to hold a general reserve and the size of this reserve should be related to the level of ongoing financial commitments. The trustees decided that as a guide the organisation should keep its general reserves at a level between two and three months of expenditure. This recognises that the bulk of the charity's income is potentially quite volatile and short-term while most of its costs (salaries, property) are relatively fixed.

Therefore the guide level of reserves is at the end of December 2006 between £678k and £1,017k. At the year end the general reserves stand at £710k. Therefore the current level of general reserves is considered sufficient. The trustees will continue to review the reserves policy and levels annually.

Report of the Trustees (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and group and of the surplus or deficit of the group for the period. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the policies adopted are in accordance with the Companies Act 1985 and with applicable accounting standards and statements of recommended practice, 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 charity will continue in existence.

The trustees are responsible for keeping proper accounting records that 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 Companies Act 1985. 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

The trustees confirm that in their opinion the financial statements comply with current statutory requirements including applicable accounting standards, the requirements of the Statement on Recommended Practice for Accounting and Reporting by Charities, and the requirements of the charity's governing document.

So far as each of the trustees is aware, there is no relevant information that has not been disclosed to the charitable company's auditors and each of the trustees believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the charitable company's auditors have been made aware of that information.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be re-appointed as auditors will be put to the Annual General Meeting.

In preparing this report, the trustees have taken advantage of special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD:

Dr C Patel – Secretary

2 April 2007

**Independent Auditors Report to the Members of the
Institute for Public Policy Research Ltd**

We have audited the group and charity financial statements on pages 9 to 19. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of Institute for Public Policy Research Ltd for the purposes of company law) responsibilities 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) 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).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether, in our opinion, the information given in the trustees' report is consistent with the financial statements. We also report to you if 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 transactions with the charity is not disclosed.

We read the Trustees' Annual 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion

- the financial statements give a true and fair view of the state of affairs of the charity and the group as at 31 December 2006 and of its incoming resources and application of resources, including the income and expenditure of the group, for the year then ended; and
- 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

Saffery Champness

Registered auditors
Lion House
Red Lion Street
London
2 April 2007

INSTITUTE FOR PUBLIC POLICY RESEARCH LTD

**Consolidated Statement of Financial Activities
for the year ended 31 December 2006**

	Notes	Unrestricted funds		Restricted	Total	Total
		General	Designated	funds	2006	2005
		£	£	£	£	£
Incoming resources	2					
Incoming resources from generated funds						
Voluntary income		261,071	8,000	2,280,365	2,549,436	2,254,554
Activities for generating funds		112,186	236,184	0	348,370	410,032
Investment income		42,023	0	0	42,023	49,199
Incoming resources from charitable activities						
Sale of publications		54,888	11,491	0	66,379	74,979
Conference fees and sponsorship		291,971	91,563	0	383,534	471,411
Secondments, honoraria & sundry other		156,205	7,094	0	163,299	101,153
Total incoming resources		918,344	354,332	2,280,365	3,553,041	3,361,328
Resources expended	6					
Cost of generating funds						
Costs of generating voluntary income		133,588	0	0	133,588	84,213
Fundraising trading		6,570	96,552	0	103,122	214,957
Charitable activities	5					
Research and dissemination on social political and economic issues		736,336	412,761	2,663,520	3,812,617	3,257,650
Governance costs		17,425	0	0	17,425	15,145
Total resources expended		893,919	509,313	2,663,520	4,066,752	3,571,965
Net incoming / (outgoing) resources		24,425	(154,981)	(383,155)	(513,711)	(210,637)
Transfers between funds		(74,955)	87,029	(12,074)	0	0
Net movement in funds		(50,530)	(67,952)	(395,229)	(513,711)	(210,636)
Total funds brought forward at 1 January 2006		760,903	166,473	425,020	1,352,396	1,563,033
Total funds carried forward at 31 December 2006		710,373	98,521	29,791	838,685	1,352,397

There are no recognised gains or losses other than those disclosed above.

All of the above results derive from continuing activities and there were no acquisitions in the period.

The notes on pages 11 to 19 form part of these accounts.

INSTITUTE FOR PUBLIC POLICY RESEARCH LTD

**Consolidated and Charity Balance Sheet
at 31 December 2006**

	Notes	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Fixed assets					
Tangible assets	8, 11	63,812	63,812	90,464	90,464
Investment in subsidiaries	16	-	100	-	100
		<u>63,812</u>	<u>63,912</u>	<u>90,464</u>	<u>90,564</u>
Current assets					
Debtors	9	247,873	501,313	408,540	609,216
Cash at bank and in hand		714,140	492,776	1,132,405	869,516
		<u>962,013</u>	<u>994,089</u>	<u>1,540,945</u>	<u>1,478,732</u>
Creditors					
Amounts falling due within one year	10	<u>187,140</u>	<u>219,317</u>	<u>279,013</u>	<u>216,900</u>
Net current assets		774,873	774,773	1,261,932	1,261,832
Total assets less current liabilities		<u><u>838,685</u></u>	<u><u>838,685</u></u>	<u><u>1,352,396</u></u>	<u><u>1,352,396</u></u>
Funds					
Unrestricted	12				
- General funds		710,373	710,373	760,903	760,903
- Designated funds		98,521	98,521	166,473	166,473
Restricted		29,791	29,791	425,020	425,020
		<u>838,685</u>	<u>838,685</u>	<u>1,352,396</u>	<u>1,352,396</u>

Approved by the Board of Trustees on 2 April 2007 and signed on its behalf by:

C Powell Trustee

J Hardie Trustee

The notes on pages 11 to 19 form part of these accounts.

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

- 1. Accounting policies**
- (a) Basis of accounting**
The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985, applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005) issued in March 2005.
- (b) Group financial statements**
These financial statements consolidate the results of the charity and its wholly-owned subsidiary, IPPR Trading Ltd, on a line by line basis.
- (c) Income**
All income is accounted for on a receivable basis. Donations and grants given for specific purposes are treated as restricted income and any amounts which are unspent at the year-end are shown as restricted funds.
- (d) Expenditure**
Expenditure is accounted for on an accruals basis. Costs of generating funds, charitable expenditure and governance costs comprise direct expenditure including staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of those resources. In general, overheads have been allocated on the basis of staff.
Governance costs comprise external audit costs, trustee meeting expenses and costs of preparing the statutory accounts.
- (e) Fund accounting**
The unrestricted fund comprises the accumulated surpluses on the statement of financial activities. Restricted and designated fund activity for the year represents monies received for specific research projects and the costs incurred in carrying out research on those projects.
- (f) Tangible fixed assets and depreciation**
Fixed assets are stated at cost less accumulated depreciation. No assets costing less than £500 are capitalised. Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives on a straight-line basis at the following rates:
Furniture and fittings: 25% on cost
Computer equipment: 25% on cost
- (g) Taxation**
No corporation tax has been provided in these accounts because the income of the holding company, a registered charity, is within the exemption granted by Section 505 of the Income and Corporation Taxes Act 1988 and the subsidiary companies have made sufficient covenant/gift aid payments to the parent charity to extinguish any liability to corporation tax.
- (h) Irrecoverable VAT**
Irrecoverable VAT is included directly within the same expenditure category as the relevant cost.
- (i) Pensions**
All staff have the opportunity to take part in a stakeholder pension scheme under a salary sacrifice arrangement. Pension costs charged in the financial statements represent the contributions payable by the employer during the year on behalf of the employee.
- (j) Operating lease**
Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

2. Income

The income and surplus of expenditure over income are attributable to the one principal activity of the charity which is to contribute to public understanding of social, economic and political questions through research, discussion and publication.

The majority of the donation income is received from companies (the other significant sectors accounting for more than 10% of the total are individuals and trusts).

3. Surplus of resources for the year

Excess of income over expenditure is stated after charging:

	Group 2006	Group 2005
	£	£
Trustees' emoluments	-	-
Auditors' remuneration	9,400	8,750
Depreciation - owned assets	44,366	50,019

4. Employees

Total staff costs

Wages & salaries	2,321,154	1,839,717
Social security costs	246,918	193,763
Pension costs	180,360	122,105
	2,748,432	2,155,585

Agency staff fees	-	29,325
Secondments	10,408	32,464
Other	-	6,050
	2,758,840	2,223,424

There were three employees with emoluments in excess of £60,000 (2005: nil).

No of Employees

	2006	2005
£60,001 - £70,000	3	0
£70,001 - £80,000	0	0

Number of employees

The average number of employees analysed by function was:

	2006	2005
Research	56	48
Dissemination	8	8
Support	8	7
	72	63

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

5. Breakdown of costs of charitable activities (Group)

	Activities undertaken directly	Support costs	Total	2005
	£	£	£	£
Democracy	141,422	53,502	194,924	184,338
Centre for Cities	399,324	145,754	545,078	495,181
Sustainability	312,432	106,609	419,041	439,501
Digital	92,727	34,570	127,297	129,653
Social Policy	168,076	58,458	226,534	252,181
Migration	154,774	53,470	208,244	180,512
People and Policy	108,613	33,391	142,004	116,949
International	156,270	47,355	203,625	149,451
IPPR North	317,750	100,852	418,602	213,088
Public Services	274,636	103,499	378,135	407,517
Other	225,963	87,971	313,934	179,225
Events	267,746	39,396	307,142	324,346
Publications and Media	246,733	81,324	328,057	185,708
Total	2,866,467	946,150	3,812,617	3,257,650

6. Breakdown of Support Costs by Activity

	Allocated to costs of generating voluntary income	Allocated to research and dissemination	Total	2005
	£	£	£	£
Finance	116	54,852	54,968	61,163
Direction	509	240,590	241,099	171,397
Property	917	433,867	434,784	440,752
IT	142	67,389	67,531	82,992
HR	222	105,180	105,402	43,147
Depreciation	94	44,272	44,366	90,960
Total	2,000	946,150	948,150	890,412

All support costs have been allocated to activities based on an estimate of staff time spent on them.

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

7. Corporation tax

As a registered charity the company is not liable to corporation tax on its wholly charitable activities.

**8. Tangible Fixed Assets
Group and Company**

	Computers and other equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2006	157,330	5,577	162,907
Additions	17,714	0	17,714
Disposals	(28,979)	(2,301)	(31,280)
At 31 December 2006	146,065	3,276	149,341
Accumulated depreciation			
At 1 January 2006	69,615	2,828	72,443
Charge for year	42,972	1,394	44,366
Disposals	(28,979)	(2,301)	(31,280)
At 31 December 2006	83,608	1,921	85,529
Net book values			
At 31 December 2006	62,457	1,355	63,812
At 31 December 2005	87,715	2,749	90,464

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Capital commitments				
Authorised but not contracted for	Nil	Nil	Nil	Nil

9. Debtors

Prepayments and accrued income	112,741	110,742	144,305	120,087
Trade debtors	120,758	85,568	264,235	175,688
VAT Recoverable	14,374	0	0	5,303
Amounts due from subsidiary	0	305,003	0	308,138
	<u>247,873</u>	<u>501,313</u>	<u>408,540</u>	<u>609,216</u>

**10. Liabilities: Amounts falling due within
one year**

Trade creditors	42,238	42,238	86,105	85,255
Accruals & deferred income	59,186	56,887	92,884	50,885
Other taxes and PAYE	70,303	70,303	67,615	67,615
VAT payable	0	16,537	19,264	0
Other Creditors	15,413	15,413	13,145	13,145
Amounts due to subsidiary	0	17,939	0	0
	<u>187,140</u>	<u>219,317</u>	<u>279,013</u>	<u>216,900</u>

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

11. Balance Sheet Analysis of net assets between funds

Group	Unrestricted £	Designated £	Restricted £	Total £
Fixed assets				
Tangible assets	63,812	0	0	63,812
Current assets				
Debtors	205,684	42,189	0	247,873
Cash at bank and in hand	559,066	68,372	55,789	683,227
	764,750	110,561	55,789	931,101
Creditors				
Amounts falling due within one year	127,930	33,211	25,998	187,140
Net current assets	636,820	77,350	29,791	743,961
Total assets less current liabilities at 31 December 2006	700,632	77,350	29,791	807,773
Company	Unrestricted £	Designated £	Restricted £	Total £
Fixed assets				
Tangible assets	63,812	0	0	63,812
Investment in subsidiaries	100	0	0	100
	63,912	0	0	63,912
Current assets				
Debtors	496,313	5,000	0	501,313
Cash at bank and in hand	228,946	103,262	55,789	387,997
	725,259	108,262	55,789	889,310
Creditors				
Amounts falling due within one year	88,539	0	25,998	114,537
Net current assets	636,720	108,262	29,791	774,773
Total assets less current liabilities	700,632	108,262	29,791	838,685

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

12. Reserves / Statement of Funds

The note analyses the reserves of the Group.

	Bal b/fwd £	Income £	Expenditure £	Transfers £	Bal c/fwd £
Unrestricted funds					
General funds	760,903	918,343	(893,919)	(74,955)	710,372
Designated funds - property fund	98,521	0	0	0	98,521
Designated funds - director's research	62,500	0	(16,248)	(46,252)	0
Designated funds - project funds	5,452	354,332	(493,065)	133,281	0
Total unrestricted funds	927,376	1,272,675	(1,403,233)	12,074	808,893
Restricted funds					
Restricted funds - open projects					
Adult Learning and Skills	0	57,500	(56,780)	0	720
Behaviour	15,000	40,000	(46,966)	0	8,034
Brits Abroad	0	16,250	(67,572)	0	(51,322)
Centre for Assets	0	93,100	(117,444)	0	(24,344)
Centre for Cities Team	272,816	373,077	(560,472)	0	85,421
Commissioning Health Services	5,084	10,000	(10,812)	0	4,272
Development on the Move	0	23,073	(10,527)	0	12,546
Foundations and Fundamentals	20,545	0	(20,294)	0	251
Future of Hospitals	0	45,000	(50,539)	0	(5,539)
Great Expectations	0	65,000	(68,991)	0	(3,991)
Identities	0	88,500	(82,169)	0	6,331
IPPR North Team	78,193	68,500	(206,213)	0	(59,520)
Local Media	0	13,650	(37,300)	0	(23,650)
Low Carbon Programme	15,021	263,891	(199,785)	0	79,127
Political Islam in ME	26,501	106,838	(46,794)	0	86,545
Mixed Income Communities	0	6,500	(4,602)	0	1,898
Moving up Together	0	15,000	(38,092)	0	(23,092)
New Agenda for Schools	(21,863)	62,500	(34,751)	0	5,886
North West Employment Study	0	3,500	(837)	0	2,663
Northern Economic Agenda	0	35,000	(51,566)	0	(16,566)
Opportunity and Inclusion Foru	0	20,000	(26,964)	0	(6,964)
Progressive Liberalism	0	8,000	(4,360)	0	3,640
Progressive Manifesto	0	36,846	(22,986)	0	13,860
Public Services at the Crossroads	0	26,250	(90,229)	0	(63,979)
Responsibility to Protect	(277)	152,521	(137,608)	0	14,636
Road Pricing	0	94,000	(119,123)	0	(25,123)
Rural Regeneration	0	75,100	(51,524)	0	23,576
Teen Courts	(173)	12,500	(20,642)	0	(8,315)
Water Efficiency	1,420	57,500	(50,564)	0	8,356
Welfare Reform	0	56,000	(71,564)	0	(15,564)
Youth and Media	0	0	0	0	0
Total Open Projects	412,265	1,925,596	(2,308,070)	0	29,791

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

12. Reserves / Statement of Funds (Cont'd)

	Bal b/fwd £	Income £	Expenditure £	Transfers £	Bal c/fwd £
Restricted funds - completed projects					
Tax Seminar Series	4,242	0	(4,243)	0	(0)
Crime and Social Justice	(5,190)	5,000	(1,584)	1,774	0
Future of the Civil Service Project	(10,888)	25,997	(15,109)	0	0
Growth Areas	(14,965)	5,000	15,115	(5,150)	0
Intellectual Property	56,388	6,000	(62,388)	0	0
Migration Team	2,846	24,450	(27,296)	0	0
Public Attitudes to Asylum	1,506	0	0	(1,506)	0
SchoolLets	4,894	0	(4,894)	0	0
Unequal Turnout	(6,435)	15,000	(4,443)	(4,122)	0
Value Added by Governance	2,908	500	(3,408)	0	0
Anti-social Behaviour	(22,553)	15,000	0	7,553	0
Democracy Team	0	5,000	(5,000)	0	0
NOMS - A Seminar Series	0	20,300	(20,300)	0	0
Constitution	0	7,500	(7,500)	0	0
Childhood and Youth Transitions	0	75,000	(75,000)	0	0
Arts in Society	0	5,000	0	(5,000)	0
People and Policy Team	0	55,500	(55,500)	0	0
Sport and Society	0	12,000	(6,377)	(5,623)	0
China and Africa	0	29,023	(29,023)	0	0
IPPR North - External Affairs	0	7,500	(7,500)	0	0
Education Seminars	0	3,000	(3,000)	0	0
NE Immigration	0	15,000	(15,000)	0	0
Working and Caring	0	23,000	(23,000)	0	0
Total Completed Projects	12,755	354,770	(355,450)	(12,074)	0
Total Restricted Funds	425,020	2,280,365	(2,663,520)	(12,074)	29,791

Designated Funds

The Property Fund arose from donations received for refurbishment of the Southampton Street premises and will be held to cover future rental increases and/or dilapidations at the end of the lease.

The Director's Research Funds arose from unrestricted income and has now been fully used to cover costs relating to research projects outside the team structure of ippr.

The Project Funds arose from unrestricted income allocated to individual projects and have been used to cover costs relating to those projects.

Restricted Funds

Transfers from restricted funds are made to reflect actual resource usage (eg staff costs are reallocated based on time spent on projects). They are also made on completion of projects where funds remain. These transfers are made to other research projects (some of which are designated rather than restricted) and only where donor conditions allow.

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

13. Pension contributions

All staff have the opportunity to take part in a stakeholder pension scheme under a salary sacrifice arrangement with a nominated defined contribution group stakeholder pension scheme. Contributions are accounted for in the income and expenditure account when paid. The pension costs charged in the year amounted to £180,360 (2005: £122,105). At the balance sheet date there were £14,901 (2005: nil) of outstanding contributions that were paid in January 2007.

14. Company Limited by Guarantee

The charity has no share capital but instead is limited by guarantee, each member being committed to contribute a maximum of £1 in the event of a winding up.

15. Lease commitments

The annual commitment for premises leases expires on 24 December 2007 at £182,000 p.a. plus VAT. The annual commitment for photocopier leases expires on 17 December 2009 at £6,843 p.a. plus VAT.

16. Investment in subsidiaries

The charity has investments in subsidiaries as follows:
IPPR Trading Ltd: £100

The investment of £100 represents the whole of the issued share capital, which is made up of £1 ordinary shares, of IPPR Trading Ltd, a company incorporated in Great Britain, which carries out commissioned research on public policy. The Company's gross income for the year to 31 December 2006 was £278,264 (2005: £336,197) and the net profit for the period of £97,804 (2005: £16,592) was donated by gift aid to the holding company leaving a net balance sheet total of £100.

IPPR Trading Ltd – Summary profit and loss account	2006	2005
	£	£
Turnover	278,264	336,197
Cost of sales	(183,849)	(323,974)
Administrative expenses	(2,300)	(2,068)
Bank interest	5,689	6,437
Donations to holding company	(97,804)	(16,592)
Profit on ordinary activities	-	-

17. Capital commitments

At 31 December 2006 there were no capital expenditure commitments.

**Notes to the Financial Statements
for the year ended 31 December 2006 (continued)**

18. Trustees and other related parties

The trustees have no financial interest in the charity's surplus or assets and receive no remuneration for acting in that capacity. No trustee received any reimbursement of expenses.

During the year the company recharged costs of £176,340 (2005: £287,451) to IPPR Trading Ltd. At 31 December 2006 the company was owed from IPPR Trading Ltd £305,003 (2005: £308,138). During the year the company paid a total of £500 for refreshments at trustees' meetings and for the biannual trustees' dinner and paid £2,551 for insurance that includes trustee liability and fidelity coverage.

Representative selection of events and publications in 2006

During 2006, ippr produced the following **publications**, which can be ordered from Central Books (0845 458 9910):

- Brits Abroad: Mapping the scale and nature of British emigration
- Darfur: The Responsibility to Protect
- Steering Through Change: Winning the Debate on Road Pricing
- A Zero Waste UK
- The Saving Gateway: From Principles to Practice
- High Stakes: Designing Emissions Pathways to Reduce the Risk of Dangerous Climate Change
- Freedom's Orphans: Raising Youth in a Changing World
- The New Sinosphere: China in Africa
- Public Innovation: Intellectual Property in a Digital Age
- Would You live Here? Making the Growth Areas Communities of Choice
- Whitehall's Black Box: Accountability and Performance in the Senior Civil Service
- Warm Words: How are we telling the Climate Story and can we tell it better?
- European Emissions Trading at the Crossroads: Developing proposals for phase III and beyond
- City Markets: Business Location in Deprived Areas
- Equal Access? Appropriate and Affordable Childcare for Every child
- A New Rural Agenda
- Housing Wealth: First timers to old timers
- Locality Matters: Making Participation count in Local Politics
- A Citizen's Duty: Voter inequality and the case for compulsory turnout
- CrimeShare: The unequal impact of crime
- Strengthening Global Civil Society
- Irregular Migration in the UK: An ippr Fact File
- Going Places: Neighbourhood, Ethnicity and Social mobility
- From Access to Participation: Cultural Policy and Civil Renewal
- Sticking Together: Social Capital and Local Government
- City Leadership: Giving City-regions the Power to Grow
- Population Politics
- Changing States: A Progressive Agenda for Political Reform in the Middle East
- City People: City Centre Living in the UK

We also published the following **reports, papers and articles**, available on our website:

- 12 Propositions on Civil Service Reform
- A New Dawn of Housing Policy
- Balancing Competing Priorities
- Britain at the Crossroads
- Changing Public Behaviour
- Child Trust Funds in England
- China, Africa and the G8: The Missing Link
- Citizen Assemblies: Radical Common Sense
- City Centre Living and Urban Renaissance
- Clearing up Confused Lines in Whitehall
- Climate Change: The Global Test
- Darfur and the 'Responsibility to Protect'
- Digital Exuberance
- Hamas and Political Reform in the Middle East
- India: Old and New
- Intellectual property for All
- Long term Strategies Needed Against Antisocial Behaviour
- Making Every Vote Count
- Migration Policy has to Keep the Market in Mind

Representative selection of events and publications in 2006

- Olympics Legacy must Focus on Jobs
- Population Politics
- Pressure Groups are not Enough
- Public Engagement in Criminal Justice
- Reform in the Middle East
- Reshaping the City
- Responding to Unequal Distribution of Crime
- Single Person Households and Social Policy: Looking Forwards
- Speak Out: Commissioning healthcare
- The Problem with Climate Porn
- The Rise and Fall of Public Services
- The State of the Northern Cities
- The Year of the Digital Citizen
- What Can Teenagers do for Adult Learning?

During 2006 the charity held over 50 public events, a selection of which is listed below:

- A Keynote Speech by Sir Menzies Campbell MP
- India's Sustainability Challenge
- Israel and Palestine - Is Peace Possible?
- Steering Through Change: Winning the Debate on Road Pricing
- A New Environmental Contract for the 21st Century?
- Positioning Scotland for the Future: A Transformational Role for Learning
- Making Sense of the Universe?
- The Values of Health Reform: A Keynote Speech by Rt. Hon Patricia Hewitt MP
- Making Globalization Work: An ippr event with Professor Joseph E. Stiglitz
- Every drop Counts: Incentives for Greater Water Efficiency
- The Science of Wellbeing: An ippr event with Professor Daniel Kahneman
- The Best Years? Children, Young People and Family Policy
- Young and Responsible? Young People, Pensions and Savings
- What Does Morality Have to do with Politics? with Professor Michael Sandelson
- The War of the World: History's Age of Hatred with Niall Ferguson
- On the Road to Kandahar: Travels Through Conflict in the Islamic world
- Social Mobility: Priorities for Education and Learning
- The Citizen's Stake: Exploring the Future of Universal Asset Policies
- Freakonomics: A Rogue Economist Explores the Hidden Side of Everything
- Social Justice and Public Service Reform
- After the Neocons: America at the Crossroads, with Professor Francis Fukuyama
- The State of Faith: Politics, Religion and the State
- The State and the Individual: Building a Lasting Pensions Settlement
- The Weather Makers: The History and Future Impact of Climate Change
- Parental Choice and School Autonomy: Kill or Cure?
- Applying the Dismal Science: When Economists Give Advice to Governments
- Oxford Media Convention 2006