

**Overseas  
Development  
Institute**

**Annual Report and Accounts**

31 March 2003



**Buzzacott**

Company Limited by Guarantee  
Registration Number  
661818 (England and Wales)

Charity Registration Number  
228248

## Contents

### Reports

Legal and administrative information	1
Report of the members of the Council	3
Independent auditors' report	9

### Accounts

Statement of financial activities	11
Balance sheet	13
Cash flow statement	14
Principal accounting policies	15
Notes to the accounts	18

The following pages do not form  
part of the statutory accounts:

Detailed income and expenditure account	25
Grants and project finance receivable	26 - 50

**Members of the Council**

Baroness Jay of Paddington (Chair)  
Zeinab Badawi  
Tony Baldry MP (appointed 2 December 2002)  
Andrew Barnett -  
Hugh Bayley MP (appointed 2 December 2002)  
Andrew Bennett (appointed 2 December 2002)  
Dominic Bruynseels  
The Rt Hon Earl Cairns CBE  
Robin Coope (resigned 3 December 2002)  
William Day  
Lord Desai of St Clement Danes  
Larry Elliott  
Martin Griffiths  
Lord Holme of Cheltenham CBE  
Sir Richard Jolly  
Tess Kingham  
Sir Timothy Lankester  
Professor Michael Lipton  
Sir Michael McWilliam  
Rupert Pennant-Rea  
Avinash Persaud  
Professor Amartya Sen  
(resigned 3 December 2002)  
Salil Shetty  
Professor Frances Stewart  
Lord Stone of Blackheath  
(appointed 3 December 2002)  
Dr Diane Stone  
Jonathan Taylor (resigned 3 December 2002)  
Anuradha Vittachi  
Bowen Wells

**Director**

Simon Maxwell

**Secretary**

Allen Brown (resigned 27 June 2003)  
Simon Maxwell (appointed 27 June 2003)

**Legal and administrative information** 31 March 2003

**Registered and principal office** 111 Westminster Bridge Road  
London  
SE1 7JD

Telephone 020 7922 0300  
Facsimile 020 7992 0399  
Website [www.odi.org.uk](http://www.odi.org.uk)  
E-mail [odi@odi.org.uk](mailto:odi@odi.org.uk)

**Company registration number** 661818 (England and Wales)

**Charity registration number** 228248

**Auditors** Buzzacott  
12 New Fetter Lane  
London  
EC4A 1AG

**Bankers** National Westminster Bank plc  
Oxford Circus Corporate Business Centre  
5th Floor  
Argyll House  
246 Regent Street  
London  
W1R 6PB

**Investment managers** Merrill Lynch Investment Managers  
Limited  
33 King William Street  
London  
EC4R 9AS

**Solicitors** Allen & Overy  
One New Change  
London  
EC4M 9QQ

## **Report of the members of the Council** 31 March 2003

The members of the Council present their report together with the accounts of the charitable company for the year ended 31 March 2003. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The accounts have been prepared in accordance with the accounting policies on pages 15 to 17 of the attached accounts, and comply with the charitable company's memorandum and articles of association, applicable laws, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in October 2000.

### **Constitution**

Overseas Development Institute (the Institute) was founded in 1960. It is a registered charity, Charity Registration No. 228248, and also a company limited by guarantee registered in England and Wales, Company Registration No. 661818. The charity is exempt under Section 30 of the Companies Act 1985 from using the word 'limited' as part of its name.

### **Members' liability**

In the event of the company being wound up, members and those within one year of ceasing to be members, are required to contribute an amount not exceeding £1.

### **Principal aim and activities**

The Institute's principal aim is to promote the study and discussion of, and the exchange of information upon, the economic and social development of nations and the influence thereon of various policies, actions and institutions.

Activities undertaken in pursuit of this aim include a wide range of research projects, a number of which are undertaken with external collaborators. The Institute's work is disseminated through an extensive programme of public and other meetings and publications.

### **Organisation**

The Director is responsible to the Council for the management of the Institute. The Managers of research groups and programmes report to the Director, along with the Head of the Fellowship Scheme, the Company Secretary (for finance and administration), and the Head of Public Affairs and IT.

### **Progress during the year**

The accounts show a significant increase in the level of activity during the year, arising from the work of all the main groups and programmes. The ODI Fellowship Scheme continued to grow, and celebrated its 40<sup>th</sup> anniversary in 2003. A record cohort of 32 Fellows was recruited in 2002. At the end of the year, there were 55 Fellows working overseas in 22 countries. The scheme was awarded the DTI award for Capacity Building at the 2003 Worldaware awards for business.

**Progress during the year (continued)**

The Humanitarian Policy Group (HPG) developed its research and dissemination work around three key themes; (a) the evolving architecture of humanitarian action; (b) maximising the impact of humanitarian response in chronic crises; and (c) laws, principles, and the responsibility to protect. The group ran an active dissemination programme and a successful network, the Humanitarian Practice Network, with its own range of dissemination products. HPG is also responsible for the journal, 'Disasters'. HPG successfully developed its programme funding approach, with funding provided by a range of different donors.

Associated with the humanitarian work at ODI is the Active Learning Network for Accountability and Performance (ALNAP). ALNAP policy is determined by an independent steering committee, but ODI hosts the secretariat and provides logistical support to its research and dissemination activities. In 2002/3, these included a trial of a 'learning support office' in the humanitarian crisis in southern Africa, based in Malawi.

The Poverty and Public Policy Group (PPPG) is a rapidly growing group dealing with both the content and process of policy to achieve the Millennium Development Goal of halving global poverty by 2015. It has programmes on pro-poor politics, support of Poverty Reduction Strategy processes in Africa and Asia, public management reforms, aid architecture, and chronic poverty.

Associated with PPPG is the Centre for Aid and Public Expenditure (CAPE), which receives core funding from DFID until the end of the financial year. The centre undertook a large programme of work during the year on results-orientated management in seven poor countries.

PPPG also hosts two cross-cutting programmes at ODI, one on the link between business and poverty reduction, and the other on human rights. These both established programmes during the year.

The International Economic Development Group (IEDG) provides policy analysis on international trade and finance, on investment, and on certain aspects of aid. Its work during the year focused particularly on trade negotiations, including the Doha Round and on underlying analysis to do with the impact of trade and investment on poverty and income distribution.

The Rural Policy and Environment Group (RPEG) is concerned with reducing poverty in rural areas. It has a large body of work on the diversity of livelihoods away from agriculture, particularly in India and southern Africa. This has led to research on different ways of reaching the poor with government programmes, for example the comparative benefits of universal pensions versus more directly targeted schemes.

RPEG currently hosts a number of cross-cutting programmes, with strong rural content but also a wider remit. These include the Water Policy Programme and a programme on Pro-Poor Tourism. Both of these have developed from an initial focus on specific rural problems to national and international policy.

**Progress during the year** (continued)

Also hosted within RPEG for most of 2002/3 was a rapidly growing programme in ODI on research-policy linkages – RAPID (Research and Policy in Development). This programme is concerned with the way in which policy-makers draw on research, and with how researchers can more effectively influence policy. It has undertaken a range of literature reviews, case studies and dissemination activities.

RPEG also hosts the Agricultural Research and Extension Network (AgREN), a vehicle for linking approximately one thousand specialists around the world.

The Forest Policy and Environment Group (FPEG) is concerned particularly with two issues: (a) environmental governance and (b) forest markets and the poor. It has had an active research and dissemination programme, including on topics like logging and illegal timber trading, bushmeat, and local forest management. The group runs the Rural Development Forestry Network (RDFN).

Other units in ODI provide support to the research and policy programmes. In particular, the Public Affairs and Communications team is responsible for organising a large number of meetings, for managing the ODI website, and for publications. The website is now the most widely accessed part of ODI's communications and public affairs programme: visitor numbers were in excess of 2,500 per day by April 2003, while total monthly hits now exceed 1.38 million.

**Future plans**

A Strategic Review was completed during the year. This confirmed the overall mission of the Institute, and its particular niche in London at the interface of research and policy. A number of new programmatic areas were identified and a series of organisational changes were introduced. In particular, the committee structure has been reviewed, and the roles of Group Coordinators and Programme Managers have been clarified.

**Financial review of the year**

A summary of the results for the year can be found on page 11 of this report and accounts.

Total incoming resources in the year amounted to £8,607,612 (2002 - £6,507,037). £8,490,204 of the charity's income derived from grants and project finance receivable compared to £6,386,733 in the previous year, reflecting several new projects undertaken during the year.

Total resources expended amounted to £8,154,170 (2002 - £6,511,508), the increase reflecting the higher level of project activity. Much of the additional costs relate either to direct staff costs or to fees paid to consultants and related project expenditure. General overheads expenses continue to be well controlled and have not risen significantly during the year.

**Financial review of the year** (continued)

The net income for the year before investment losses, therefore, was £453,442 compared to net expenditure of £4,471 in 2002. The difficult stock market conditions that existed throughout 2002/03 led to unrealised losses of £80,006 on the charity's investments during the year, giving rise to a final net increase in funds of £373,436. £203,519 of this increase has been added to designated funds to provide monies for future projects and innovations and for the refurbishment of the charity's offices.

**Reserves policy**

*Reserves policy*

The charity's significant source of income is project funding. This funding is for a mix of projects – some of which are short term whilst others are long term projects requiring significant ongoing financial commitment and investment. The members of Council have examined the need for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The members of Council consider that, given the nature of the charity's work, the level of free reserves should be between two and four months' expenditure. The members of Council are of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs, and will allow the charity to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

*Financial position*

The balance sheet shows total funds of £1,765,001, all of which are unrestricted.

Funds totalling £215,900 have been designated, or set aside, by the members of Council for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 13 to the accounts.

General funds of the charity at 31 March 2003 amount to £1,549,101. These funds are represented by tangible fixed assets of £40,484 and free reserves of £1,508,617. The members of Council consider that this level of free reserves matches the parameters set out in the charity's reserves policy above and they, therefore, consider the level of free reserves to be adequate but not excessive.

**Investment policy**

The Institute has investments in the Charinco and Charishare common investment funds which had a market value of £1,080,811 at 31 March 2003 (£1,160,817 at 31 March 2002). The funds are managed by Merrill Lynch Investment Managers Limited. Council regularly reviews the performance of the investments and of the fund managers.

Interest earned by the investments is accumulated within the investment funds and is not normally drawn down for income. The objectives are to ensure the stability of the Institute over the medium to long term and, when deemed appropriate, to add to the investments to match the growth in turnover in recent years.

### **Risk management**

The members of the Council have undertaken a formal assessment exercise to identify the major risks to which the Institute is exposed and to formulate strategies to mitigate those risks. The risks to which the Institute is exposed will be monitored regularly and key performance indicators are being developed to facilitate this process.

### **The charity's assets**

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

### **The members of the Council**

The members of the Council constitute directors of the charitable company for the purposes of the Companies Act 1985.

A list of the members who were in office at 31 March 2003, and a note of the changes that occurred during the year, is given on page 1 of this annual report and accounts.

No Council member received any remuneration for services as a member of the Council during the year (2002 - none). Out of pocket travelling expenses totalling £52 (2002 - £20) were reimbursed to 2 (2002 - 1) Council members during the year. No Council member had any beneficial interest in any contract with the charity during the year.

### **Responsibilities of the members of the Council**

Company law requires the members of the Council (who are directors of the company for the purpose of the Companies Act) to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its net income or expenditure, for the financial year. In preparing accounts giving a true and fair view, the members of the Council are required to:

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

The members of the Council are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Report of the members of the Council 31 March 2003

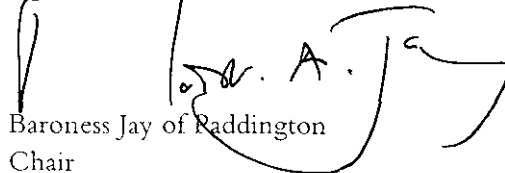
### Employees

Overseas Development Institute strives to be an equal opportunities employer and will apply objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

### Auditors

The auditors, Buzzacott will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Council:



Baroness Jay of Raddington  
Chair

Approved by the Council on: 28 July 2003

**Report of the independent auditors to the members of Overseas Development Institute**

We have audited the accounts on pages 11 to 24 which have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and the accounting policies set out on pages 15 to 17.

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

**Respective responsibilities of members of the Council and auditors**

As described on page 7 the members of the Council (who act as trustees for the charitable activities of Overseas Development Institute and are also the directors for the purposes of company law) are responsible for the preparation of the report of the members of Council and accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the members of Council is not consistent with the accounts, 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 remuneration of members of Council and transactions with the charitable company is not disclosed.

We read all other information contained in the report of the members of the Council and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

**Basis of opinion**

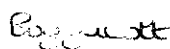
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the members of the Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts 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 accounts.

**Independent auditors' report** 31 March 2003

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the charitable company as at 31 March 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buzzacott  
Chartered Accountants and Registered Auditors  
12 New Fetter Lane  
London  
EC4A 1AG

28 July 2003

# Statement of financial activities Year to 31 March 2003

	Notes	General funds £	Designated funds £	Total funds 2003 £	Total funds 2002 £
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Activities in furtherance of the charity's objectives					
. Grants and project finance receivable	1	8,490,204	—	8,490,204	6,386,733
. Publications revenue		72,328	—	72,328	81,195
Interest receivable		7	—	7	1,623
Other income					
. Conference income		3,300	—	3,300	19,541
. Miscellaneous income		41,773	—	41,773	17,945
<b>Total incoming resources</b>		<b>8,607,612</b>	<b>—</b>	<b>8,607,612</b>	<b>6,507,037</b>
<b>Resources expended</b>					
<i>Charitable expenditure</i>					
Costs of activities in furtherance of the charity's objectives:					
. Research and dissemination of information	2	5,633,666	—	5,633,666	4,477,234
. Fellowship activities and services	3	1,043,014	—	1,043,014	765,500
Support costs	4	1,214,408	—	1,214,408	1,063,993
Management and administration of the charity	5	263,082	—	263,082	204,781
<b>Total resources expended</b>		<b>8,154,170</b>	<b>—</b>	<b>8,154,170</b>	<b>6,511,508</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>453,442</b>	<b>—</b>	<b>453,442</b>	<b>(4,471)</b>
Gross transfers between funds		(203,519)	203,519	—	—
<b>Statement of total recognised gains and losses</b>					
<b>Net income (expenditure)</b>		<b>249,923</b>	<b>203,519</b>	<b>453,442</b>	<b>(4,471)</b>
Unrealised (losses) gains on investments	10	(80,006)	—	(80,006)	21,352
<b>Net movement in funds</b>	7	<b>169,917</b>	<b>203,519</b>	<b>373,436</b>	<b>16,881</b>
<b>Balances brought forward at 1 April 2002</b>		<b>1,379,184</b>	<b>12,381</b>	<b>1,391,565</b>	<b>1,374,684</b>
<b>Balances carried forward at 31 March 2003</b>		<b>1,549,101</b>	<b>215,900</b>	<b>1,765,001</b>	<b>1,391,565</b>

## Statement of financial activities Year to 31 March 2003

	2003 £	2002 £
<b>Historical cost net movement in funds</b>		
Net movement in funds (page 11)	<b>373,436</b>	16,881
Unrealised losses (gains) on investments	<b>80,006</b>	(21,352)
<b>Historical cost net movement in funds</b>	<b>453,442</b>	(4,471)

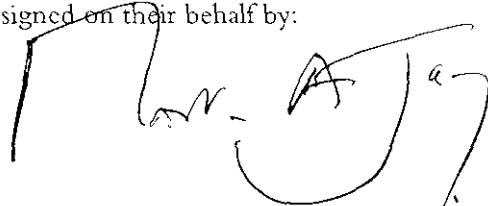
### Continuing activities

All of the charity's activities derived from continuing operations during the above two financial periods.

# **Balance sheet** 31 March 2003

	Notes	2003 £	2003 £	2002 £	2002 £
<b>Fixed assets</b>					
Tangible assets	9		40,484		51,385
Investments	10		1,080,811		1,160,817
			<u>1,121,295</u>	-	<u>1,212,202</u>
<b>Current assets</b>					
Stocks		12,566		12,135	
Debtors	11	2,273,552		1,300,246	
Cash at bank and in hand		<u>224,417</u>		<u>108,061</u>	
		<u>2,510,535</u>		<u>1,420,442</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,866,829)</u>		<u>(1,241,079)</u>	
<b>Net current assets</b>			<u>643,706</u>		<u>179,363</u>
<b>Total net assets</b>			<u>1,765,001</u>		<u>1,391,565</u>
<b>Represented by:</b>					
<b>Funds and reserves</b>					
<i>Income funds</i>					
Unrestricted funds					
. Designated fund	13		215,900		12,381
. General funds			<u>1,549,101</u>		<u>1,379,184</u>
			<u>1,765,001</u>		<u>1,391,565</u>

Approved by the members of the Council  
and signed on their behalf by:



Baroness Jay of Paddington  
Chair

Approved on: 28 July 2003

## Cash flow statement Year to 31 March 2003

	Notes	2003 £	2003 £	2002 £	2002 £
<b>Cash inflow (outflow) from operating activities</b>	A		145,174	-	(70,300)
<b>Returns on investments and servicing of finance</b>					
Interest received			7		1,623
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(28,825)		(25,395)	
Payments to acquire fixed asset investments		—		(100,000)	
			(28,825)		(125,395)
<b>Increase (decrease) in cash</b>	B		116,356		(194,072)

Notes to the cash flow statement for the year to 31 March 2003

### A Adjustment of net incoming (outgoing) resources before transfers to net cash inflow (outflow) from operating activities

	2003 £	2002 £
Net incoming (outgoing) resources before transfers	453,442	(4,471)
Depreciation	39,726	42,113
Interest receivable	(7)	(1,623)
(Increase) decrease in stock	(431)	5,529
Increase in debtors	(973,306)	(247,127)
Increase in creditors	625,750	135,279
<b>Net cash inflow (outflow) from operating activities</b>	<b>145,174</b>	<b>(70,300)</b>

### B Analysis of changes in net funds

	At 1 April 2002 £	Cash flows £	At 31 March 2003 £
Cash at bank and in hand	108,061	116,356	224,417

**Basis of accounting**

The accounts have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 1985. Applicable United Kingdom accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) have been followed in these accounts.

**Incoming resources**

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives.

**Gifts in kind**

Where the charity receives the benefit of the services of secondees, these are included in the statement of financial activities at values determined by the members of Council in consultation with the organisation providing the secondees.

**Resources expended and the basis of apportioning costs**

Resources expended comprise the following:

- a. The costs of activities in furtherance of the charity's objectives comprise expenditure on the charity's primary charitable purposes as described in the report of the members of the Council. The costs comprise expenditure on:
  - ◆ Research and dissemination of information;
  - ◆ Fellowship activities and services.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objectives of the charity using ratios based either on floor space or employees' and consultants' time.

**Resources expended and the basis of apportioning costs** (continued)

- b. Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.
- c. Management and administration comprises the costs which are directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

**Tangible fixed assets**

All assets with a cost of more than £3,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates, on a straight line basis, in order to write off all other assets over their estimated useful lives:

♦ Furniture, fixtures and fittings	20% on cost
♦ Equipment	33 1/3 % on cost

**Fixed asset investments**

Fixed asset investments are included in the accounts at their market value as at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

**Stocks**

Stocks of unsold publications are valued at the lower of cost and net realisable value.

**Fund accounting**

The general funds comprise those monies which may be used towards meeting the charitable objectives of the charity and may be utilised at the discretion of the members of the Council.

Designated funds comprise monies set aside and designated for specific purposes by the members of the Council.

## **Principal accounting policies 31 March 2003**

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the lease term.

### **Pension costs**

Contributions in respect of defined benefit pension schemes are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.

**1 Grants and project finance receivable**

Grants and project finance were received during the year to be applied by the charity in the following areas of activity:

	2003 £	2002 £
Research and dissemination of information		
· Forest Policy and Environment Group (FPEG)	531,190	569,228
· Economic and Statistics Unit Group (ESAU)	165,999	—
· Humanitarian Policy Group (HPG)	820,729	896,066
· Active Learning Network for Accountability and Performance (ALNAP)	862,661	—
· International Economic Development Group (IEDG)	437,668	606,841
· Poverty and Public Policy Group (PPPG)	1,765,721	1,367,477
· Rural Policy and Environment Group (RPEG)	2,550,989	1,732,407
· Public Affairs programme	45,188	42,791
	<b>7,180,145</b>	<b>5,214,810</b>
Fellowship Scheme	1,310,059	1,171,923
	<b>8,490,204</b>	<b>6,386,733</b>

**2 Research and dissemination of information**

	2003 £	2002 £
Staff costs (note 6)	2,112,109	1,954,433
Research fees payable to consultants and related costs	2,549,685	1,381,375
Dissemination of information	102,796	303,044
Travel	713,850	726,900
Other costs	155,226	111,482
	<b>5,633,666</b>	<b>4,477,234</b>

**3 Fellowship activities and services**

	2003 £	2002 £
Supplementation	1,043,014	765,500

**4 Support costs**

	2003 £	2002 £
Staff costs (note 6)	566,404	468,187
Depreciation	39,726	42,113
Staff overheads	90,278	71,369
Premises	284,534	298,422
Communication	36,102	57,712
Library	—	10,816
Other costs	197,364	115,374
	<b>1,214,408</b>	<b>1,063,993</b>

**5 Management and administration of the charity**

	2003 £	2002 £
Staff costs (note 6)	163,964	128,417
Legal and professional fees	26,604	10,081
Staff overheads	15,931	12,594
Premises	50,212	43,505
Communication	6,371	10,184
	<b>263,082</b>	<b>204,781</b>

**6 Staff costs and Council members' remuneration**

	2003 £	2002 £
Staff costs during the year were as follows:		
Wages and salaries	2,410,248	2,125,724
Social security costs	167,218	178,376
Other pension costs	265,011	246,937
	<b>2,842,477</b>	<b>2,551,037</b>
Temporary staff costs	51,634	51,678
	<b>2,894,111</b>	<b>2,602,715</b>

Staff costs (excluding temporary staff) by function were as follows:

	2003 £	2002 £
Research and dissemination of information	2,112,109	1,954,433
Support	566,404	468,187
Management and administration	163,964	128,417
	<b>2,842,477</b>	<b>2,551,037</b>

The number of employees who earned £50,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2003	2002
£50,001 - £60,000	5	5
£60,001 - £70,000	1	1

Of those employees who earned £50,000 or more during the year (as defined above), employer contributions were made to the charity's defined benefit pension schemes in respect of all of them.

The average number of employees during the year, calculated on a full time equivalent basis and analysed by function, was as follows:

	2003	2002
Research and dissemination of information	52	53
Support	18	18
Management and administration	4	4
	<b>74</b>	<b>75</b>

## Notes to the accounts 31 March 2003

### 6 Staff costs and Council members' remuneration (continued)

None of the members of the Council received any remuneration in respect of their services during the year (2002 - £nil).

During the year out of pocket travelling expenses amounting to £52 (2002 - £20) were reimbursed to 2 (2002 - 1) members of the Council during the year.

### 7 Net movement in funds

This is stated after charging:

	2003 £	2002 £
Auditors' remuneration		
· Audit services	6,500	6,463
· Other services	14,574	—
Depreciation	39,726	42,113
Operating lease rentals		
· Premises	193,445	157,450

### 8 Taxation

The charity is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

### 9 Tangible fixed assets

	Furniture, fixtures and fittings £	Equipment £	Total £
<b>Cost</b>			
At 1 April 2002	49,719	710,641	760,360
Additions	6,907	21,918	28,825
At 31 March 2003	56,626	732,559	789,185
<b>Depreciation</b>			
At 1 April 2002	45,254	663,721	708,975
Charge for year	2,426	37,300	39,726
At 31 March 2003	47,680	701,021	748,701
<b>Net book values</b>			
At 31 March 2003	8,946	31,538	40,484
At 31 March 2002	4,465	46,920	51,385

## Notes to the accounts 31 March 2003

### 10 Investments

	Total £
<b>Listed investments</b>	
Market value at 1 April 2002	1,160,817
Net unrealised investment losses	(80,006)
Market value at 31 March 2003	<u>1,080,811</u>
Historical cost of listed investments at 31 March 2003	<u>630,272</u>

At 31 March 2003 listed investments comprised the following holdings in common investment funds:

	£
Charinco accumulation units	670,049
Charishare accumulation units	410,762
	<u>1,080,811</u>

### 11 Debtors

	2003 £	2002 £
Grants receivable	2,182,152	1,201,556
Other debtors	47,707	54,997
Prepayments and accrued income	43,693	43,693
	<u>2,273,552</u>	<u>1,300,246</u>

### 12 Creditors: amounts falling due within one year

	2003 £	2002 £
Grants received in advance	844,458	374,631
Expense creditors	264,545	338,206
Social security and other taxes	144,313	89,462
Accruals and deferred income	613,513	438,780
	<u>1,866,829</u>	<u>1,241,079</u>

### 13 Designated fund

The income funds of the charity include the following designated funds set aside by the members of the Council for specific purposes:

	At 1 April 2002 £	Designated in year £	At 31 March 2003 £
Innovation fund	12,381	125,519	137,900
Office refurbishment fund	—	78,000	78,000
	<u>12,381</u>	<u>203,519</u>	<u>215,900</u>

The specific purposes for which the monies have been designated are as follows:

♦ Innovation fund

Monies set aside for the purpose of funding future innovation projects.

♦ Office refurbishment fund

Monies set aside for the refurbishment of the charity's leasehold premises.

### 14 Analysis of net assets between funds

	General funds £	Designated funds £	Total funds £
Tangible fixed assets	40,484	—	40,484
Investments	1,080,811	—	1,080,811
Net current assets	427,806	215,900	643,706
	<u>1,549,101</u>	<u>215,900</u>	<u>1,765,001</u>
Unrealised gains included above:			
On investments	450,539	—	450,539
<b>Reconciliation of movements in unrealised gains on investments</b>			
Unrealised gains at 1 April 2002	530,545	—	530,545
Unrealised losses in year	(80,006)	—	(80,006)
Unrealised gains at 31 March 2003	<u>450,539</u>	<u>—</u>	<u>450,539</u>

# 15 Lease commitments

At 31 March 2003 the charity had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2003	2002
	£	£
Operating leases which expire		
After five years	134,000	134,000

# 16 Pension commitments

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employers and employees. Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of the pensions over the employees' working lives.

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, both schemes are classed as multi-employer pension schemes. The Institute is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the Institute has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the schemes as if they were defined contribution schemes. The Institute has set out below the latest information available for each scheme.

## Universities Superannuation Scheme

The charity participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The pension scheme provides benefits based on final pensionable salary for employees of all UK universities and some other employers. The assets of the Scheme are held in a separate trustee-administered fund.

The latest actuarial valuation of the Scheme was on 31 March 1999. The assumptions which have the most significant effect on the results on the valuation are those relating to the rate of return on investments (ie the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5 % per annum, that salary increases would be 3.5 % per annum and that pensions would increase by 2.6 % per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 5.5 % per annum, including an additional investment return assumption of 1 % per annum, salary increases would be 3.5% per annum and pensions would increase by 2.5 % per annum. The valuation cost is assessed using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £18,870 million (including an estimated £55 million in respect of outstanding bulk transfers payments due) and the value of the past service liabilities was £17,427 million. The assets were therefore sufficient to cover 108 % of the benefits which had accrued to members after allowance for expected future increases in earnings.

The total pension costs for the charity under this scheme were £220,783 (2002 - £216,630). The contribution rate payable by the Institution 14 % of pensionable salaries.

**16 Pension commitments** (continued)

*Superannuation Arrangements of the University of London*

The company also participates in the Superannuation Arrangements of the University of London, a pension scheme which provides benefits based on final salary for non-academic employees of the University of London and a number of academic institutions. The assets of the Scheme are held in a separate trustee-administered fund. The pension costs are based on the most recent actuarial valuation which was completed with an effective date of 31 March 1999. The most significant assumptions for their effect on the pension costs are those relating to the rate of earnings increase used was 4.1 % per annum and pensions were assumed to increase by 2.6 % per annum in payment. The Scheme is funded using the same assumptions and actuarial method as described above for the expensing of the Scheme. The actuarial valuation at 31 March 1999 showed that the market value of the Scheme's assets was £846.6 million and the actuarial value of those assets represented 120 % of the liability for the benefits under the valuation method, for service to the valuation date and based on salaries projected to retirement or earlier exit.

The total pension costs payable under this scheme were £44,228 (2002 - £30,307). The contribution rate payable by the Institution was 10.5 % of pensionable salaries.