

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu
International



Company Registration No. 755502
Registered Charity No. CC/235351

**THE INSTITUTE OF ECONOMIC AFFAIRS
(Limited by Guarantee)**

Report and Financial Statements

31 December 1995

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR





REPORT AND FINANCIAL STATEMENTS 1995

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TRUSTEES' REPORT

The Trustees have pleasure in submitting their annual report and accounts for the year ended 31 December 1995.

PRINCIPAL ACTIVITY

The Institute's main activity is the promotion and advancement of learning by research into economic and political science, and by educating the public therein.

REVIEW OF ACTIVITIES AND FUTURE PROSPECTS

The Institute has published 9 books and 4 issues of its journal "Economic Affairs" during the year. In addition, the Institute has imported some publications for resale from the United States. The Institute has continued with its conference and seminar programme and Hobart lunches to publicise the Institute's new releases and has continued its series of evening lectures. Permission to reprint/translate previous IEA publications was given to a number of overseas institutes and commercial publishers.

The Health and Welfare Unit published 8 books and held a conference and a number of seminars and the Environment Unit published 3 books and similarly held a conference and a number of seminars.

An Education and Training Unit was established during the year.

The Trustees believe that the Institute is well placed to continue and increase its activities.

RESULTS FOR THE YEAR AND TRANSFERS FROM RESERVES

Details of the results for the year are set out in the general income and expenditure account on page 5. The deficit for the year of £49,830 (1994 - £21,753 deficit) has been transferred from reserves.

TRUSTEES

The Trustees who served during the year were:

Professor Harold Rose	(Chairman - Appointed Chairman on 16 May 1995)
Lord Vinson of Roddam Dene	(Resigned as Chairman on 16 May 1995)
Sir Peter Walters	
Malcolm McAlpine	
Michael Fisher	
Sir Michael Richardson	
Mrs Linda Whetstone	
Professor Michael Beesley	
Professor Martin Ricketts	
Professor Geoffrey Wood	
Professor David Myddelton	
Robert Boyd	(Appointed 16 May 1995)

None of the Trustees has an interest, direct or indirect, in any contract entered into by the Institute.

CHARITABLE STATUS

The Institute is a registered charity (No.CC/235351) and its activities are exempt from corporation tax or income tax on the basis that all funds are applied for charitable purposes.



TRUSTEES' REPORT

FIXED ASSETS

Details of fixed asset movements in the year can be found in notes 4, 5 and 6 to the accounts.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Trustees
and signed on their behalf

Professor Harold Rose

Chairman

21 May 1996



STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 Institute as at the end of the financial year and of the profit or loss of the Institute for that 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 applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

THE INSTITUTE OF ECONOMIC AFFAIRS (LIMITED BY GUARANTEE)

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of trustees and auditors

As described on page 3 the Institute's trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Institute's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Institute's affairs at 31 December 1995 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

30 May 1996

GENERAL INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 1995

	Note	1995	1994
		£	£
INCOME			
Membership subscriptions		808,458	781,097
Publication sales		89,010	106,818
Conferences and lectures		58,400	48,562
		<u>955,868</u>	<u>936,477</u>
EXPENDITURE			
Membership support		63,427	56,730
Research costs		564,399	507,569
Publications		391,969	375,708
Conferences		61,903	80,298
		<u>(1,081,698)</u>	<u>(1,020,305)</u>
OPERATING DEFICIT	2	(125,830)	(83,828)
Transfers from designated funds		<u>76,000</u>	<u>62,075</u>
DEFICIT OF INCOME OVER EXPENDITURE FOR THE YEAR		(49,830)	(21,753)
INCOME AND EXPENDITURE ACCOUNT BROUGHT FORWARD		<u>(153,757)</u>	<u>(132,004)</u>
INCOME AND EXPENDITURE ACCOUNT CARRIED FORWARD		<u>(203,587)</u>	<u>(153,757)</u>

All activities are derived from continuing operations.



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1995

	1995 £	1994 £
Operating deficit	(125,830)	(83,828)
Realised movement in designated funds	111,411	157,287
Total recognised gains and losses for the year	<u>(14,419)</u>	<u>73,459</u>

RECONCILIATION OF MOVEMENTS IN RESERVES
Year ended 31 December 1995

	1995 £	1994 £
Deficit for the year	(49,830)	(21,753)
Net movement in designated funds	35,411	95,212
Opening reserves	<u>2,026,962</u>	<u>1,953,503</u>
Closing reserves	<u>2,012,543</u>	<u>2,026,962</u>

THE INSTITUTE OF ECONOMIC AFFAIRS
(Limited by Guarantee)

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DESIGNATED FUNDS INCOME AND EXPENDITURE ACCOUNTS
For the year ended 31 December 1995

The designated funds represent a collection of reserves created by donation or legacy set aside with various aims including the acquisition of freehold or long leasehold premises for the Institute.

	Warren Fund 1994 £	John Wood Fund £	Leonard Harris Fund £	Freehold Fund £	Lithgow Trust £	Other Funds £	Total £	1994 Total £
Balance at 1 January 1995	1,254,297	15,750	64,923	661,125	15,000	151,861	2,162,956	2,067,744
Bank deposit interest	10,996	-	559	5,778	-	1,305	18,638	41,169
Other investment income	73,527	-	3,739	38,633	-	8,724	124,623	92,771
Profit on disposal of investments	-	-	-	-	-	-	-	38,434
Provision for permanent diminution in value of fixed asset investments	(13,570)	-	(690)	(7,130)	-	(1,610)	(23,000)	-
Designated fund expenditure	-	(250)	(8,600)	-	-	-	(8,850)	(15,087)
Transfer to general income and expenditure account	(54,290)	-	-	-	(15,000)	(6,710)	(76,000)	(62,075)
Balance at 31 December 1995	1,270,960	15,500	59,931	698,406	-	153,570	2,198,367	2,162,956

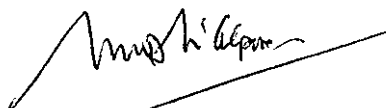
BALANCE SHEET
31 December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Intangible assets	4		1		1
Tangible assets	5		69,108		67,126
Investments	6		1,615,685		1,638,685
			<u>1,684,794</u>		<u>1,705,812</u>
CURRENT ASSETS					
Debtors	7	163,486		183,431	
Bank deposits and cash		296,524		224,271	
		<u>460,010</u>		<u>407,702</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(132,261)</u>		<u>(86,552)</u>	
NET CURRENT ASSETS			<u>327,749</u>		<u>321,150</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,012,543</u>		<u>2,026,962</u>
RESERVES					
Capital reserve	9		17,763		17,763
Designated funds			2,198,367		2,162,956
Income and expenditure account			<u>(203,587)</u>		<u>(153,757)</u>
			<u>2,012,543</u>		<u>2,026,962</u>

Approved by the Trustees
 and signed on their behalf by:



Professor Harold Rose



Malcolm McAlpine

21 May 1996



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below. The recommendations of Statement of Recommended Practice 2, Accounting for Charities, issued by the Accounting Standards Committee in May 1988, have been implemented in the preparation of these financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Income

Income is the amount derived from the provision of goods and services, donations received and other income from investments. Income is credited to the general income and expenditure account unless designated for specific use by either the donor or the Trustees.

Depreciation

No depreciation is charged on the freehold property and long leasehold property. This departure from the requirements of the Companies Act and standard accounting practice is wholly immaterial.

Motor vehicles and fixtures and fittings are written down over their expected useful economic lives on the following bases:

Motor vehicles - straight line over 4 years

Office equipment - straight line over 3 years

Stocks

No value for accounts purposes is attributed to stocks of unsold publications.

Research expenditure

Research expenditure is written off in the accounts as it is incurred.

Specific income and expenditure accounts

The designated funds represent a collection of reserves created by donation or legacy set aside with various aims including the acquisition of freehold or long leasehold premises for the Institute.

Transfers are made from the designated funds income and expenditure accounts to the general income and expenditure account as considered appropriate by the Trustees.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Operating leases

Rentals are charged to profit and loss in equal annual amounts over the lease term.

Pension funds

The expected cost of providing pensions, as calculated by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost evenly over the service lives of employees in the scheme.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

2. OPERATING DEFICIT

	1995	1994
	£	£
Operating deficit is arrived at after charging:		
Depreciation	26,775	27,067
Auditors' remuneration	8,400	7,750
Rentals under operating leases:		
Hire of plant and machinery	-	3,934
Other operating leases	83,000	83,000
	<u>83,000</u>	<u>83,000</u>

3. EMPLOYEES

The average number of people employed by the Institute, excluding Trustees, was 16 (1994 - 15). The costs in respect of these employees, which were all charged to the general income and expenditure account, were:

	1995	1994
	£	£
Wages and salaries	509,068	439,026
Social security costs	41,533	37,320
Other pension costs	40,798	40,748
	<u>591,399</u>	<u>517,094</u>

No remuneration has been paid to the Trustees in either the current or preceding financial years.

4. INTANGIBLE FIXED ASSETS

	£
Cost of copyright	
At 1 January 1995 and 31 December 1995	<u>1</u>


**NOTES TO THE ACCOUNTS
Year ended 31 December 1995**
5. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold property £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 January 1995	17,500	16,600	13,522	113,808	161,430
Additions	-	-	-	29,475	29,475
Disposals	-	-	-	(24,800)	(24,800)
At 31 December 1995	17,500	16,600	13,522	118,483	166,105
Accumulated depreciation					
At 1 January 1995	-	-	5,071	89,233	94,304
Charge for the year	-	-	3,381	23,394	26,775
Disposals	-	-	-	(24,082)	(24,082)
At 31 December 1995	-	-	8,452	88,545	96,997
Net book value					
At 31 December 1995	17,500	16,600	5,070	29,938	69,108
At 31 December 1994	17,500	16,600	8,451	24,575	67,126

6. INVESTMENTS HELD AS FIXED ASSETS

	Unit trusts £	Fixed interest securities £	Total £
Cost			
At 1 January 1995 and 31 December 1995	335,415	1,303,270	1,638,685
Provision			
At 1 January 1995	-	-	-
Provided in the year	-	23,000	23,000
At 31 December 1995	-	23,000	23,000
Net book value			
At 31 December 1995	335,415	1,280,270	1,615,685
At 31 December 1994	335,415	1,303,270	1,638,685
All investments are listed on a recognised stock exchange			
Market value			
At 31 December 1995	429,719	1,261,104	1,690,823
At 31 December 1994	409,396	1,173,995	1,583,391



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

7. DEBTORS

	1995 £	1994 £
Trade debtors	7,299	14,433
Other debtors	81,759	92,431
Prepayments and accrued income	59,706	59,287
Income tax recoverable	14,722	17,280
	<u>163,486</u>	<u>183,431</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Trade creditors	28,891	27,485
Accruals	37,650	34,441
Other creditors	65,720	24,626
	<u>132,261</u>	<u>86,552</u>

Other creditors includes taxation and social security balances of £15,617 (1994 - £14,414).

9. CAPITAL RESERVE

	£
Balance at 1 January 1995 and 31 December 1995	<u>17,763</u>

The capital reserve represents the surplus of income over expenditure of the Institute for the period prior to incorporation as a company limited by guarantee.