
Engaging, Learning, Transforming

Annual Report and Financial Statements 2018

The Institute of Development Studies
Annual Report and Financial Statements
31 March 2018

Company Limited by Guarantee Registration Number 877338
(England and Wales)

Charity Registration Number 306371

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Trustees*

Mr M Anderson~^
Dr A Cheema=+
Mr G Davies+~
Professor J Kydd+~^=(Chairman)
Professor M Leach^=
Ms T Manuh=
Professor M Moore =
Dr D O'Brien ~=
Professor F Stewart ^=
Dr R Tandon=
Professor A Tickell
Ms E Wilson =

*Trustees as at 31 March 2018. For details of other Trustees during the year see page 7
+Member of the Resources and Audit Committee
~Member of the Remuneration Committee
^Member of the Nominations Committee
=Member of the Programme Review and Advisory Committee

Company Secretary

Mr T Catherall

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Charity registration number	306371
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CHAIR'S INTRODUCTION

The scale and complexity of global challenges such as extreme inequality, poor access to health care, persistent child poverty, unsustainable energy technologies and consumption access and weak accountability and participation in a digital age – mean that the need for policy-relevant evidence, created in partnership and across disciplines, has never been so important. Innovations and new technologies are constantly emerging but we need to understand where and how they can be applied and scaled to transform people's lives. Political, economic and social world orders are shifting and we need to understand the implications for the configuration of global partnerships that could be nurtured and mobilised to create a more sustainable and equitable world.

IDS continues to work with our global network of partners to generate and share this evidence and knowledge. Examples of IDS work range from new analysis on how to empower women to new insights on the links between antimicrobial resistance (AMR) and universal health coverage.

In the year under review it is pleasing to note that our student numbers increased substantially. It is also pleasing that QS University Rankings has ranked IDS, with the University of Sussex, first in the world for development studies again. This provides IDS with a platform for policy-relevant research-based teaching, contributing to the education of a future generation of development leaders with new and diverse perspectives and insights.

The financial health of the Institute is critically important. The figures show a small deficit of £71k for 2017/18. Whilst the funding environment still remains challenging the figures reflect a redundancy cost which will result in a lower cost base for future years. The teaching numbers continue to expand and the income from teaching increased in 2017/18 to £2,668k. We are continuing to diversify our income and increase our unrestricted funds.

We are committed to ensuring the highest level of accountability and transparency regarding the funding we seek and receive, as set down in our funding ethics policy. Transparify awarded IDS five stars recognising this commitment in their global rating of the financial transparency of major think tanks.

Since the Charity Governance Code was launched on the 13 July 2017, the Institute has utilised the Code as a tool to support the Board to reflect upon its current governance structures and consider the ways in which the Charity and its Trustees currently apply the Charity Governance Code's seven principles and recommended practice.

The Charity's Trustees acknowledge that the Institute is best placed to fulfil its vision, mission and strategic goals if it has effective governance in place. The Charity's Board has established a solid foundation in governance in which all of its Trustees are clear about their roles and legal responsibilities, are committed to supporting the Charity to deliver its objects most effectively for its beneficiaries' benefit and contribute to the Charity's continued improvement.

CHAIR'S INTRODUCTION (CONTINUED....)

The Resources and Audit Committee (RAC) considered the code and concluded that the Institute already applies all of the recommended practices relating to each of the Charity Governance Code's seven principles. We have taken the time to consider the ways in which IDS can further improve the Charity's governance standards and increase its overall effectiveness as an organisation. These areas include an external board development review and increased stakeholder engagement.

Extensive work has been undertaken to ensure that IDS is prepared for the new General Data Protection Regulation (GDPR) which came into force on 25 May 2018.



Professor Jonathan Kydd
Chair

THE TRUSTEES' REPORT

The Trustees, who are also the Directors for the purposes of company law, present their report together with the financial statements of the Institute of Development Studies (IDS) for the year ended 31 March 2018. The trustees' report has been prepared in accordance with Part 8 of the Charities Act 2011 and the Statement of Recommended Practice (SORP). It also meets the requirements for a Directors' Report set out in the Companies Act 2006. Sections on "Report on progress against strategic priorities", "Financial report for the year", "Future plans" and "Principal risks and uncertainties", included within the Trustees Report, meet the requirements for a strategic report as outlined in 'The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013'.

The financial statements have been prepared in accordance with the accounting policies on pages 37 to 40 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, applicable laws, and the requirements of the SORP "Accounting and Reporting by Charities" as issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

IDS is a registered charity and company limited by guarantee, and does not have share capital. The Trustees have no financial interest in the Institute's income funds or assets and receive no remuneration for acting as Trustees. Trustees who are employees only receive remuneration for their service as employees.

The Board of Trustees is constituted as follows:

- The Vice-Chancellor of the University of Sussex (ex-officio).
- The Director (ex-officio).
- Not more than two Fellows of the Institute.
- Not more than one employee of the Institute (who is not a Fellow, an Honorary Fellow or Visiting Fellow).
- Not more than 16 persons in total.

IDS is governed by its Articles of Association as approved by its board in March 2016.

Trustees' liability

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

THE TRUSTEES' REPORT (CONTINUED....)

Trustees

The Trustees at 31 March 2018 were as listed under the reference and administrative information on page 1. The following changes occurred during the year.

Resignation or end of term of office

Ms M Hunt	26 May 2017
Ms J Randel	4 August 2017
Prof. Y Sokona	31 December 2017

Appointed

None

New Trustees are appointed by the members based on nominations received from employees and current Trustees as well as responses to public advertisements. The Nominations Committee is responsible for screening candidates and making recommendations to the Board of Trustees. The Board has agreed that the Trustees should reflect the diversity of the Institute's objectives and geographical remit and have relevant skills and knowledge, and aims to make appointments on that basis.

New Trustees undergo an induction process to familiarise themselves with the Institute's work and their legal responsibilities and duties. Appropriate training is provided to Trustees on an ongoing basis.

Statement of Trustees' Responsibilities

The Trustees are also Directors of IDS for the purposes of company law. They are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

THE TRUSTEES' REPORT (CONTINUED....)

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the SORP (Accounting and Reporting by Charities) (the Charities' SORP).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Each of the Trustees confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware.
- The Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Organisation

The IDS Board of Trustees meets three times a year. The Board has established the following sub-committees:

- **Resources and Audit Committee (RAC)** meets three times a year and has responsibility for oversight of finance, administrative matters, and strategic HR issues, reviewing the results from internal audit work and maintaining an overview of the risk and control environment. The constitution of the RAC allows for three non-trustee members who bring additional expertise and experience.
- **Nominations Committee** meets as necessary and is responsible for identifying potential Trustee candidates and making recommendations to the Board of Trustees on potential appointments.

THE TRUSTEES' REPORT (CONTINUED....)

- **Remuneration Committee** meets as necessary and is responsible for maintaining an overview of senior staff remuneration; determining the remuneration of the Director and senior staff.
- **Programme Advisory and Review Committee** meets twice a year and is responsible for maintaining an overview of the academic health and performance of the Institute; providing assurance to the Board that mechanisms and systems are in place for effective management and delivery of research, teaching and knowledge activity; and for scrutinising and advising the Board on progress towards the relevant strategic goals and key themes.

The day-to-day running of the Institute is delegated to the Director who leads the Strategic Leadership Group (SLG). During 2017/2018 SLG has met monthly and membership comprises the Director, the Director of Finance and Operations/Company Secretary, the Director of Research, the Director of Teaching and Learning, the Director of Communications and Impact.

Employees

The charity strives to be an equal opportunities employer and aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. The Board includes two Staff Trustees. They are appointed by the Board following a staff election to nominate them for consideration for appointment.

Remuneration

The IDS Remuneration Committee described above meets as necessary. The Committee takes account of data on national pay trends. It benefits from the contribution of a senior independent member with significant relevant experience in Higher Education reward.

IDS operates a 10 grade salary scale, with a mixture of automatic incremental progression for the lower grades and performance-related pay. Department and Team Heads, Cluster Leaders and the Director are responsible for agreeing performance-related incremental progression within the scale for each grade. IDS is currently reviewing its reward framework to ensure it is fit for purpose. It also commissions regular salary surveys to benchmark itself against other organisations and markets, and an equal pay review.

The salaries of the key management personnel of the Institute are disclosed in note 5 to the accounts. The members of the Strategic Leadership Group (SLG) are considered to be the key management personnel of the Institute.

THE TRUSTEES' REPORT (CONTINUED....)

Related parties

IDS is based in a building on the University of Sussex site and there are a number of shared services. During the year IDS paid £828,000 (2016/17 - £658,000) for services and received £2,760,000 (2016/17 - £2,044,000) from the University in respect of tuition fees and other income. All transactions were carried out at arm's length and all amounts were in the normal course of the Institute's activities.

The Vice-Chancellor is an ex-officio member of the Board of Trustees.

Other related party transactions are disclosed in note 16 to the financial statements.

STRATEGIC REPORT

The Institute is more than half way through its five year strategy which was published in 2015 and can be viewed at

<http://www.ids.ac.uk/about-us/our-vision-and-strategy>

Strategic Goals

The strategic goals of the Institute set out in the strategy are:

1. Contribute to transformations that reduce inequalities, accelerate sustainability and build inclusive, secure societies.
2. Embed engaged excellence and its four pillars across all that we do.
3. Work locally and globally within a universal framing of development.
4. Create an institute that is thriving financially and organisationally, and living its values.

Our Vision

Our vision is of equal and sustainable societies, locally and globally, where everyone can live secure, fulfilling lives free from poverty and injustice.

Our mission

We believe passionately that cutting-edge research, knowledge and evidence are crucial in shaping the changes needed for our broader vision to be realised, and to support people, societies and institutions to navigate the challenges ahead. But dynamic global contexts and challenges require new kinds of research and knowledge, developed and shared in new ways.

Through our commitment to engaged excellence applied across the interlinked areas of research and knowledge, teaching and learning, and communications and impact, we will work locally and globally in mutual learning towards transformations that reduce inequalities, accelerate sustainability and build more inclusive and secure societies.

Working in partnership to address global challenges

Our 2015-2020 strategy is underpinned by a focus on the three defining challenges of our era as identified by IDS – reducing inequalities, accelerating sustainability and building more inclusive, secure societies. Framing papers that set out the three challenges in more details are available at the following link:

<http://www.ids.ac.uk/about-us/our-vision-and-strategy>

Reducing inequalities including economic, social and political inequalities that intersect and threaten to undermine future progress in reducing poverty, and ensure that the benefits of global economic growth more evenly contribute to the improved livelihoods and wellbeing of communities everywhere.

Accelerating sustainability to meet the urgent challenges of environmental and climate change by restructuring economies and societies and finding development pathways that address global demand for resources while securing local livelihoods and justice in an increasingly pressurised and urbanised world.

STRATEGIC REPORT (CONTINUED....)

Building inclusive and secure societies where citizens are protected against threats from conflict as well as environmental, economic, political and social shocks, and feel that they have a stake in the governance of the communities in which they live.

We will develop and apply our engaged excellence approach, including strengthened global partnerships, to ensure our work contributes substantially to meeting these challenges.

What is engaged excellence?

Engaged excellence is IDS' distinctive approach to constructing and sharing knowledge, and to teaching and mutual learning for development.

Engaged excellence means that the quality and impact of our work depends on us collaborating with governments, international NGOs, local civil society, citizens, donors, businesses and many others to achieve positive change, strategically informed by research and knowledge.

Our engaged excellence approach helps us to contribute to development progress through:

- Changes to policy and practice.
- Shifts in behaviours and attitudes.
- Improving the capacity of others to generate, access and apply research and knowledge (particularly in developing countries).
- Strengthening networks to address global challenges.

IDS is committed to enabling engaged excellence in constructing and sharing knowledge for development as widely as possible and supports its members (and any partner organisations) in making their work available as Open Access. This commitment is more fully articulated in our Open Access policy which can be viewed at <http://www.ids.ac.uk/publications/copyright-and-permissions/open-access-policy/open-access-policy>

We produce outputs and engage with others using a wide range of modes and methods, ranging from evidence to Parliamentary Select Committees to accessible online platforms, from individual researcher blogs to Brighton Festival Fringe events, from articles in prestigious peer-reviewed journals to policy advice to government and civil society actors.

For more about who we are and what we do, see: www.ids.ac.uk/about

PROGRESS AGAINST STRATEGIC PRIORITIES

Below, we set out a selection of our key achievements from the last year and how the Institute is making progress against its four strategic goals. This builds on the examples already set out in the Chair's Introduction.

1. Contribute to transformations that reduce inequalities, accelerate sustainability and build inclusive, secure societies

Working to align policy on antimicrobial resistance and universal health coverage

Antimicrobial resistance and universal health coverage both dominate global health debates but far too little attention is paid to the links between them. IDS is making influential contributions to integrate the two agendas, globally and regionally, through workshops, publications and meetings.

World leaders have declared antimicrobial resistance (AMR) to be a global crisis. They have also, as part of the Sustainable Development Goals, adopted universal health coverage (UHC) as a key target. But, as IDS' Dr Gerry Bloom argued in a widely disseminated 2017 paper for *BMJ Global Health*, neither ambition is achievable in isolation from the other.

Although research into antibiotic resistance surveillance is welcome, more action is needed to ensure that people get effective treatment for common infections to help reduce the risk of resistant organisms emerging.

IDS' expertise on this topic has been sought nationally and internationally during 2017. The World Health Organization's Western Pacific Region Office (WPRO) approached and funded Dr Bloom to present at a workshop convened by WPRO and the Asian Development Bank at the high-level Tokyo UHC Forum hosted by the Government of Japan.

Since then, the Government of Japan, through the Asia-Europe Foundation (ASEF), has commissioned IDS to design and facilitate a high-level meeting on UHC and on combating infectious diseases, hosted in Tokyo by ASEF and the Ministry of Foreign Affairs of Japan.

Partnership working on this area is vital, and IDS has enjoyed fruitful partnerships throughout the work on UHC – in particular with WPRO, ASEF, the Government of Japan, and ITAD as the lead partner in the evaluation of the UK Fleming Fund and a member of the DFID-funded Future Health Systems programme.

Making climate innovation work for Africa

Since the 2015 Paris Agreement, there has been a renewed push to make climate policy and processes more responsive to the needs of poorer countries. The STEPS Centre, hosted by IDS and SPRU at the University of Sussex, and its partners have actively explored more locally relevant sustainability processes in Africa and Asia.

In Africa, the STEPS Africa Hub advised the Green Climate Fund – the financial mechanism of the UNFCCC – on how to fund collaborative research and development for climate technology transfer under the 2015 Paris Agreement. It also trained policymakers in Kenya, Tanzania, Rwanda, Uganda and Ethiopia.

PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)

Based on extensive STEPS research on solar PV and sustainable energy access in Kenya, researchers David Ockwell (Dept. of Geography, Sussex University) and Rob Byrne (SPRU) developed a concrete proposal for revising international climate policy in favour of pro-poor, climate compatible transformations. It suggested a new approach to assisting the transfer and uptake of climate technologies in developing countries, known as CRIBs (Climate Relevant Innovation-system Builders).

Through a two-day workshop in Kenya organised by the STEPS Africa Hub, East African policymakers and practitioners received training and capacity development on integrating CRIBs into their NDCs (Nationally Determined Commitments) under the Paris Climate Agreement.

Informing alternative policy approaches in the ‘war’ on illicit crops

IDS has produced vital new evidence to show how land property rights could be an effective policy tool in the fight against illicit crop production in Colombia, one of the world’s largest producers of coca. The evidence has implications for policy in developing countries with similar problems relating to illicit crops, such as Peru, Bolivia, Mexico, Afghanistan and Vietnam.

The multi-year project, led by IDS researcher Juan-Carlos Muñoz-Mora stemming from his PhD work, culminated in 2018 with an article published in the World Development journal. The article prompted the Colombian government and USAID to invite the researchers to explain the findings and provide technical assistance to improve their interventions against illicit crops.

Since the 1990s, when Colombia first emerged as the leading coca producer, the Colombian and US governments have waged a military-led fight against drug production in the South American country. Billions of dollars were spent and yet coca production levels stayed the same, even though less land was being cultivated.

Relatively little attention has been paid until now to the relationship between the strength of land property rights and illicit activities. The project showed that formal land property rights could change risk-taking behaviour among small-scale producers once law enforcement increases, reducing the total land allocated to these crops.

Of particular interest was an index developed by Juan-Carlos Muñoz-Mora and co-authors of the article, as a way of identifying informal property rights for individuals with no property deeds and no formal property recognition or rights.

PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)

2. Embed engaged excellence and its four pillars across all that we do

Working in partnership to generate and share high quality research which makes a tangible contribution to policy change, attitudes and behaviours and improving the capacity of others to generate and share knowledge and evidence is encapsulated by the Institute's engaged excellence approach. It is at the heart of all that we do and examples of it in our work this year include signing a new memorandum of understanding (MOU) with the International Institute of Social Studies (ISS) in The Hague. IDS shares a common commitment with ISS to tackle social and political challenges through interdisciplinary scholarship.

The Emancipatory Rural Politics Initiative (ERPI) is an intellectual partnership between IDS/STEPS Centre and ISS, along with PLAAS (South Africa), CUNY/Cornell (US) and the Transnational Institute. It emerged as a response to the rise of authoritarian populism across the world.

In the past year ERPI published its framing paper in the Journal of Peasant Studies, launched a small grants call and published a series of articles with openDemocracy. In March 2018, ISS hosted a global event linking nearly 300 researchers and activists to advance the intellectual dialogue on alternatives to authoritarian politics in rural areas.

Partnership, cooperation and collaboration was also central to the award-winning Making All Voices Count programme, through which IDS worked across 13 countries to support both known and new partners to conduct crucial research on citizen voice and government responsiveness. One such new partnership in Indonesia was with PATTIRO – a leading organisation for research, policy advocacy, technical assistance and model development for public service and community participation.

Strong ties across campus help make Sussex a world leader for development studies

One of IDS' most important partners is the University of Sussex. As the awarding body for IDS Masters courses and PhDs, the University is central to our teaching programme. IDS also collaborates closely with the University across a wide-range of research and knowledge-sharing activities. These strong partnerships across University schools and IDS have helped make us a recognised world leader in our field. The QS University Rankings 2018 ranked the University of Sussex with IDS as first in the world for development studies. This is for the second time running in the last two years, and the top ranking has been awarded three times in the last four years.

Partnering with donors to help shape research agendas

IDS partners with donors to build deeper understanding of development challenges and to shape research agendas. Our partnering included projects with the Swiss Agency for Development and Cooperation to enhance decentralised and democratic local governance, and with the World Food Programme to capture and share successful work on gender mainstreaming.

PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)

Building our global presence through our alumni network

IDS invests in building relationships with our alumni to support life-long learning and to strengthen our global connectivity. Our 3,200-plus alumni are concentrated in a number of cities and countries, supporting IDS to build stronger and deeper global connections and new alliances for the future. In Indonesia for example, our alumni network organised a roundtable event with new partners PATTIRO to share their research. In Brazil they facilitated a new institutional link with the National School of Public Administration (ENAP). In Mexico they connected IDS researchers working on humanitarian learning to local experts, as a result developing vital training materials to support more effective humanitarian response.

3. Work locally and globally within a universal framing of development

The ambition to realise the truly universal framing for development, as set out in the Sustainable Development Goals (SDGs), continues to drive IDS' work. Challenges such as growing inequalities or antimicrobial resistance affect all citizens, irrespective of where they live, albeit in very different ways. These challenges require a global response informed by evidence of what works in different contexts and why, and by the changing nature of the partnerships that can help deliver the transformations needed.

A recent *IDS Bulletin* brought together a wide range of universal development research at IDS, showcasing its contemporary significance in the context of implementing the SDGs. Several articles provided analysis on tackling poverty and social exclusion in the UK and USA as well as in countries such as Mexico and Nigeria. Through the Centre for Rising Powers and Global Developments' (CRPD) network IDS has also joined discussions on the relationship between Africa and the G20 countries. In 2017 CRPD's Director, Dr Jing Gu, was invited to become a member of the Think20 Africa Standing Group that informed the G20 process, and was awarded a medal for its contribution.

4. Create an institute that is thriving financially and organisationally, and living its values

The Institute is operating in a challenging financial environment at the moment. A number of long term funding programmes have ended and the funding environment is growing increasingly challenging. There have been changes in the Secretary of State for Development which have led to funding decisions being delayed. This creates further uncertainty for future funding. The Institute has reported its first small deficit since 2011/12, in part due to timing differences when recognising income on restricted funds. The net income deficit on unrestricted funds of £265k includes a £98k interest charge for the pension deficit (2016/17 - £112k). It also includes a one off charge of £272k for redundancies which will reduce costs in the future and has successfully reshaped the Knowledge, Impact and Policy team. The teaching area continues to grow with student numbers predicted to increase again for 2018/19. Unrestricted funds have increased by £798k overall and further steps will be taken over the next year to increase unrestricted funding and diversify income.

PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)

Over the last year the Communications and Engagement Team, working alongside the Head of Computer and Technical Services (CATS) and the Director of Communications and Impact, have been preparing IDS for the introduction of new General Data Protection Regulation (GDPR) which will be enforced from May 2018. An independent audit by Crowe U.K. LLP has provided an assessment of 'significant assurance' and found our preparations to be more extensive than of charities of a similar size. It also found that the level of awareness of GDPR compliance issues was higher than in similar sized organisations.

Implementation of the CATS ICT security policy and formulation of a cyber-security action plan has been a major activity in the last year, along with introducing data protection training for all staff.

In 2018, the IDS Professional Skills Week ran from 29 January to 2 February, with a total of 36 sessions reaching over 200 participants. The facilitators of these sessions are IDS staff, Masters and PhD students, as well as a few facilitators from outside the Institute coming to present on key specialist skills. Professional Skills Week is an event week that brings everyone across the Institute together to be exposed to a variety of new skills and develop their capabilities.

The professional project management and finance teams have implemented a reorganisation providing efficiencies across the teams. A Contracts and Compliance Officer has been appointed to ensure we comply with the increasing requirements of funders.

The Fundraising and Development Office (FDO) continued to build on its more centralised position within the institute from which to support all fundraising activity as well as communicating more systematically across the organisation about the ways in which this support can be delivered. The Institute's 2016 Fundraising strategy continues to provide the spine for all of the team's main activity.

The Partnerships & Alumni Office has continued to focus on the strengthening of existing strategic partnerships, in particular with NGOs, harnessing the alumni network through the IDS online platform and by planning and delivering in-country networking events, and using our work with institutional partners and alumni to develop new alliances for the future.

PROGRESS AGAINST STRATEGIC PRIORITIES (CONTINUED....)

All IDS fundraising activity is carried out by the Institutes staff. IDS does not use professional fundraisers or have any commercial participators. No complaints relating to fundraising activities have been received by IDS during this financial period. We do not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities.

The HR team have progressed on some significant pieces of work this year, including introducing a revised Health and Safety Policy and commissioning a health and safety audit; launching the staff wellbeing survey; supporting the restructure of the Knowledge, Impact and Policy team; supporting the institute with the process to respond to the valuation of USS, focusing on pension provision across IDS, and ensuring those resident abroad are legislative compliant.

A significant capital project refurbishing of the Library and Study Space was undertaken. Facilities also delivered a number of smaller capital projects to further improve our environment including the installation of a new high definition CCTV system and large-scale repairs to our emergency lighting system.

We appointed an independent health and safety partner this year (the British Safety Council) to conduct an audit of our systems and to ensure IDS continues to develop robust practices and processes looking forward.

QUALITY, IMPACT AND PUBLIC BENEFIT

Our research, as demonstrated elsewhere in this report, developed and undertaken in partnership continues to make a real contribution to tackling some of the world's most pressing global changes. For example helping bring an end to the Ebola Outbreak, contributing new insights and analysis into how to tackle AMR and ensure equal access to health services as well as improving sustainable energy access in developing countries.

Our research activity is subject to formal peer review and scrutiny to test its quality and to demonstrate its value and impact. This includes scrutiny via the work of the Fellowship Review and Promotion Board (FRPB), which reviews the performance of each research Fellow on a four-yearly cycle and which includes external senior peers; and also extensive and demanding scrutiny by funders. Many of the contracts IDS receives are awarded on the basis of open competition. Almost without exception, contracts include appropriately demanding expectations for reporting and engagement and requirements for accountability.

In March 2018, the University of Sussex with IDS was ranked first for development studies in the world by the QS World University Rankings reflecting the academic reputation, quality, impact and range of international development research undertaken and courses delivered by departments and organisations across the Sussex campus including IDS. It was previously ranked first in 2017, second in 2016 and first in 2015.

Part of the Monitoring, Evaluation and Learning (MEL) framework built to assess progress against our new strategy attends specifically to measuring the value and impact of our work. This framework sits alongside programme-specific monitoring and evaluation frameworks required by individual funders and our own quarterly profile report which measures media, social media and public reach and engagement. A MEL framework report is prepared for the Board on a yearly basis, and as part of this a profile indicator has been developed which benchmarks our profile in relation to our competitors.

IDS continues to actively contribute to development debates within the UK and has provided both written and oral evidence to a number of UK Parliament Select Committee inquiries that have taken place.

In September and October 2017 we hosted events on the future of work in a digital era at the Labour and Conservative party conferences, which formed part of our ongoing cross-party political engagement to ensure that development debates in UK parliament and in other policy spaces are informed by the latest evidence and analysis.

In December 2017, the Research, Evidence and Learning strand of the Making All Voices Count programme led by IDS was awarded the Market Research Society's President's Medal. In 2018, work led by the International Centre for Tax and Development (ICTD) on improving tax revenue collection was a finalist for the BOND (the UK NGO-network) Collaboration Award.

QUALITY, IMPACT AND PUBLIC BENEFIT (CONTINUED....)

Two years on from re-launching the *IDS Bulletin* as an open access and peer-reviewed journal exploring emerging international development challenges we have published 12 bulletins including 112 articles. We continue to work hard to ensure that we have a high proportion of contributors to the journal from the Global South. 66 per cent of our contributors this year were from the Global South.

As well as delivering seven world class MA programmes and a PhD programme, IDS expertise is being shared in a number of innovative ways as part of its programme of professional development courses that reach out to busy development professionals and policymakers, in some cases, in situ.

IDS has an extensive range of global networks and communications channels, including Facebook, Twitter, LinkedIn, YouTube, Soundcloud and Instagram. It now has over 180,000 Facebook fans and over 60,000 Twitter followers.

The Institute aims to explore solutions to global challenges including inequality, sustainability and security through the co-creation and sharing rigorous research and its teaching and learning programme. In doing so it hopes to improve the lives and wellbeing of the most vulnerable and marginalised people.

The Trustees have had due regard to the Charity Commission's general guidance on public benefit when considering the Institute's objectives and planning its activities.

Specifically, the Institute carries out its charitable objectives through:

- Collaborative research in partnership with individuals and organisations often from Southern countries which ensures that the voices of the South are heard in debates about the direction and content of development research.
- A vibrant, acclaimed and high-demand teaching programme, sharing and constructing ideas across disciplines and enabling post graduate students and researchers to access and engage with those in the world of development and beyond and to make a real difference to development practice.
- Contributing to change by communicating, influencing and sharing information to help people understand and make sense of the complexities and realities of global challenges such as inequality, sustainability and security and the ways in which these can be addressed effectively.

By focusing on these areas the Institute aims to:

- Contribute to transformations that reduce inequalities, accelerate sustainability and build inclusive secure societies.
- Help reframe development as progressive economic, social and political change for everyone everywhere.

QUALITY, IMPACT AND PUBLIC BENEFIT (CONTINUED....)

To help ensure that the Institute's work is properly informed by the needs, experiences and views of the target beneficiaries and users of its work, IDS:

- Collaborates with its network of global partners on research and knowledge work, especially those based in the global south.
- Carries out regular assessments of our impact, including through the views of our stakeholders.
- Carries out regular teaching reviews to ensure the continued relevance and quality of the Teaching programmes.
- Draws on its alumni to sustain a global network of development professionals and practitioners who take a lifelong interest in the Institute and share their experience and expertise within the development community and wider world as well as the Institute.
- Ensures that its Board of Trustees reflects IDS' global remit.

Examples of IDS' contribution to public benefit in 2017/2018 have been included throughout this report. Some of the key public benefit achievements in 2017/18 are:

- Enabling access to its courses by securing funding for an increased number of scholarships for MA students.
- Further developing a new alumni network online platform which has helped to foster better links between us and our alumni.
- Continuing to support the publication of the IDS Bulletin as a gold open access publication and the IDS open access repository IDS OpenDocs, making critical development knowledge more readily accessible and available to all.
- Increasing the use of online technologies such as Facebook live to make our events and training courses on important development issues more easily accessible by audiences irrespective of where they are based.

FINANCIAL REPORT FOR THE YEAR

The Institute has reported a deficit of £71k after adjustments for the pension liability. The net income deficit is £516k. Of this half relates to a deficit on restricted funds which is due to timing differences between recognition of income and actual expenditure. The remaining £265k is a deficit on unrestricted funds which includes the costs of the restructure of our Knowledge, Impact and Policy (KIP) team

Total income for the year was £23.1m, the same as in 2016/17. However the split between activities was different to the previous year. IDS' commissioned studies and research funding fell in the year whilst expenditure rose mainly due to timing differences noted above.

Following on from the increase in teaching income from 2016/17 the figures for 2017/18 increased further, reflecting the increased student numbers.

Under the charity's memorandum and articles of association no part of the income or property of the charity can be distributed to the members.

Balance sheet

Net current Assets totalled £9.5m (2016/17 – £10.1m) with £6.2m (2016/17 – £5.4m) held as Current Asset Investments. Total reserves were £7.4m (2016/17 – £7.5m) consisting of £3.2m (2016/17 – £2.4m) unrestricted and £4.3m (2016/17– £5.2m) restricted. The reduction in Cash at bank and in hand is due to the increase in Short Term Investments held and cash flow overall has been neutral.

Financial Reserves policy

The Board of Trustees reviews the level of reserves on an annual basis in line with its Reserves Policy.

The aim of IDS' Reserves Policy is to ensure that its ongoing and future activities are reasonably protected from unexpected short-term variances in income and expenditure.

The reserves are held under a number of different categories:

- Unrestricted Funds – General Funds: These are available to be spent at the discretion of the trustees, to any of the Institute's charitable purposes.
- Unrestricted Funds – Designated Funds: These funds are available to be spent to any of the Institute's charitable purposes but have been designated by the Trustees to meet a specific purpose of the Charity in the future.
- Restricted Funds – These funds are used in accordance with the specific restrictions imposed by the funders. These funds are set out in the notes to the financial statements. At the end of 2017/18 the Institute had a total of £4.3m restricted funds (2016/17 - £5.2m).

FINANCIAL REPORT (CONTINUED....)

The Institute has five designated funds which are held separately from the General Funds. Each of these has a specific purpose as designated by the Trustees. An explanation of each reserve and when it would be expected to be spent.

- ◆ Capital Fund – This fund is used to reflect the purchase and depreciation of tangible fixed assets when they are purchased out of the general income of the Institute. The fund is equal to the net book value of the Institute’s fixed assets (less the restricted deferred income reserve).
- ◆ Strategic Development Fund – This fund was set up to fund the strategic changes that the Institute is currently undertaking which include the Governance review. The balance at the end of 2016/17 was £49k and this was fully spent in 2017/18.
- ◆ Building Development Fund – The building development fund exists to enable the Institute to complete any emergency or essential building works or repairs which may be necessary and cannot be funded from that year’s capital budget.
- ◆ Closed Accumulated Time Fund – This fund was set up when the Accumulated Time Fund closed at the end of 2012/13. All amounts have now been used and the balance is nil. There will be no further transactions on this fund.
- ◆ General Donations Fund – The General Donations Fund holds the unrestricted donations that the Institute has received and the spend from the fund will be determined by the Institute.

The General Funds of the Institute are held to meet the cash flow of the Institute should there be an unexpected fall in its income or funding. The balance of the reserve at the end of 2017/18 is £1,931k, if the pension reserve is added to the general reserve the balance is £5,228k.

It is the Board’s view that £2.5m should be held in reserve to ensure the work of the organisation can continue without disruption in adverse circumstances. This amount has been calculated after reviewing the organisation’s risk register and determining the greatest threats to income, expenditure and asset. The pension liability represents the discounted value of the deficit funding requirements over 13 years for the USS pension and seven years for USPAS and does not imply a significant constraint over the use of the reserves for the foreseeable future other than to ensure monthly contributions are met which are budgeted for accordingly.

FINANCIAL REPORT (CONTINUED....)

Investment policy

The overriding principle guiding the investment of surplus cash balances is the preservation of the capital value of the Institute's resources. The objective for investments is to achieve the best possible return whilst minimising risk. When returns are so low, this is challenging and means that capital growth is minimal.

Investment performance is regularly reviewed by the Trustees. The Trustees have continued in 2017/18 with the policy agreed in 2007/08 to use only fixed interest instruments for investment purposes.

Using agreed instruments a return of £20k (2016/17 - £22k) was achieved in 2017/18.

Accounting for Pensions

The charity SORP requires that charities make provision for the value of their pension fund liabilities on their balance sheet. The Institute has two pension deficits to account for which have significant effect on the accounts. The USS pension was revalued in 2017 and had a significant increase in its deficit. However that valuation has not yet been agreed by USS, the employers (UUK) and the Union (UCU). Therefore we have continued to use the 2014 valuation as a basis to calculate the value of the liability on our balance sheet. Using the modeller provided by USS has resulted in an actuarial gain on the pension fund for 2017/18 of £445k. This leaves the Institute with an unrestricted reserve of £3,163k. The proposals regarding the USS deficit should be agreed before the next financial year end and it is expected that they will have a significant effect on the net level of unrestricted reserves. However, any recovery plan will need to be affordable to all members of the USS pension scheme.

It is important to remember that the full pension liability is recognised on the balance sheet of the accounts but that this figure would not become payable as one lump sum.

The USPAS pension scheme recovery plan has been in place for several years. The scheme has been closed to new members for some time and the liability has been falling every year as contributions are paid to reduce the liability.

More detail on pensions is provided in note 14 to the accounts.

Going concern

The Institute is well-placed to manage the business risks we face. Whilst we work in an increasingly competitive financial environment we have a sound financial base on which to build and we have made investments to securing our future by setting out a clear strategy supported by effective financial planning. This strategy is having an impact on the work we do, our reputation and our competitive positioning. It builds on the major assets of our reputation and the impact of our work over 50 years.

FINANCIAL REPORT (CONTINUED....)

The budget for the forthcoming financial year has forecast a surplus. The UK General Election in June 2017 and the changes in leadership at DfID has also impacted on the flow of commissioned work. The pipeline for the forthcoming financial year still has significant amounts of income which need to be confirmed and will need to be monitored carefully going forward. The increase in Teaching income will be consolidated this year with some increases to parts of the programme.

We have an adequate cash-flow, sufficient reserves, positive relationships with major partners and the proven ability to create new streams of work that resonate with funders. We continue to diversify our funding and to grow unrestricted funds.

The Institute continues to monitor the political and economic situation closely and ensure that its decisions as a result of any Government or Brexit-led changes reflect our overall strategy and our values and vision.

Our planning processes continue to take into account prevailing economic and political circumstances. We have planned to meet our pension obligations. We have implemented a new pricing policy that enables us to recover our costs going forward and along with the restructuring that has taken place in the KIP team mean we are well placed to achieve that aim.

We are therefore confident that the Institute is a going concern.

PRINCIPAL RISKS

The Trustees are responsible for the effective management of risk including approving the overall risk management policy and ensuring that a sound system of internal financial controls is in place and operating as designed. This will safeguard the charity's assets including its reputation.

The Institute has established an ongoing process for identifying, evaluating and managing the charity's key risks and systems that have been established to mitigate those risks. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

In particular there are clear procedures, roles and responsibilities for:

- Identifying and monitoring key strategic risks.
- Identifying, monitoring and managing key financial risks.
- Detailed appraisal and authorisation of proposals prior to submission for funding.
- Project management and post-completion research outputs.
- Financial accounting and management reporting.
- An annual review of the control environment.

The RAC, on behalf of the Trustees, keeps under constant review the key strategic and operational risks the Institute faces, the control environment and the systems and procedures in place to mitigate the risks. The Committee is supported in this work through access to expert advice and review from Crowe U.K. LLP. Internal audit findings are reported directly to the RAC and Trustees.

Financial risk management covers areas such as price risk, exchange risk, credit control risk, liquidity and interest rate cash flow risk. Each year, the RAC considers a report that details major areas of financial strategy and progress in addressing key financial issues.

The RAC highlighted a range of risks at the Institute level in its report and discussion in March 2018. These include a range of financial risks, relating to:

- Income diversification
- Income generation
- Compliance failure
- Exposure to risks through partnership working
- Exposure to pension deficit, and increased pensions costs
- Industrial action precipitated by changes to the pension scheme

Further strategic risks relate to:

- Performance management and delivery, including internally
- Brexit, and especially the increased time and resources to manage and mitigate the perceptions and experiences of individual staff
- Reputation, especially in a volatile political and media environment often hostile to aid particularly around the issues of safeguarding and conduct.

PRINCIPAL RISKS (CONTINUED....)

These are not for the most part new risks, although some have intensified (e.g. risks related to pensions, compliance and reputation). The Risk Subcommittee, the SLG and the RAC keep them under close watch, attempting to combine an appropriate level of risk appetite with proportionate responses that do not restrict our work or academic freedom, and the good communication with staff and partners which we have learned is so critical to maintaining the Institute's culture and collegiality.

FUTURE PLANS

The Institute is now over half way through the strategic period 2015-2020. Our vision, mission and goals (and progress against them) for this period are set out above. We have developed and implemented a corresponding MEL framework to ensure we measure progress against the strategy in an effective and timely way, and to inform future planning and reporting. Two reports on progress against the MEL framework have been presented to the Board at the 2017 and 2018 meetings.

These plans follows a year in which IDS successfully held its top ranking for Development Studies in the QS World University Rankings, was highly placed in the Global Think Tank rankings, and gained a number of prizes for particular projects and work streams. These marks of public recognition have been underpinned by a vast amount of work going on in our clusters, centres and operational teams, and overall success in meeting our Strategic Goals and Aims. Nonetheless, there is much more to build on and do, in an external context characterised by political turbulence, competition and financial squeezes related to both aspects of our identity – as a university-linked academic institution, and as a charity working in/with the aid sector.

While our three defining challenges continue to provide a strong framework for our research, our research activity in practice takes place through many different cluster, cross-cluster theme, and centre arrangements. Our cluster stocktake has established that the clusters provide strong intellectual homes, and cross-cluster arrangements are thriving, especially in relation to major bids. However challenges remain in developing more strategic (rather than just funding-responsive) work around major issues. We also need to ensure that we are making, and communicating, real impact in relation to the issues we work on, and our top-level challenges. A website refresh in 2018 will address ways to communicate what we work on and the difference we make in more streamlined, easy-to-grasp terms.

Following greatly increased student numbers in 2017-18, we plan to consolidate and grow more slowly next year, with target recruitment now 275 to include the start of a new MA in Food and Development. We also hope for a modest scaling-up in our Professional Development and Learning work, aiming at up to seven new short courses, accompanied by a new business model geared to modest but significant surplus generation.

Other key Institute-level priorities for 2018-19 include strengthening our international presence by developing problem-focused global collaborative networks, and place-based networks, working closely with our alumni. We plan to link this with the Institute's new fundraising campaign which launch in 2019-20. We must continue to meet ongoing funding challenges, which will require us to be vigilant about savings, and to monitor and develop appropriate responses to cost challenges such as pensions. We must also pay continued attention to donor requirements for due diligence, value for money, and scrutiny of charities in relation to safeguarding, ensuring that our policies are regularly updated and introducing appropriate training activities for staff to embed and implement them.

FUTURE PLANS (CONTINUED....)

We will continue to strengthen our partnership with the University of Sussex, with a refreshed Memorandum of Agreement signed, triggering work to elaborate further annexes. Meanwhile, funding permitting, we hope to take forward a flagship joint project to preserve, catalogue and make more accessible the British Library for Development Studies Historic Collection.

These activities should lead into the preparation of our next five year Strategy (2020-2025) which we plan to start to develop in early 2019.

This Annual Report of the Trustees under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 17 July 2018. Including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



J Kydd
Chair

Approved by the Trustees on: 17 July 2018

Independent auditor's report to the members of The Institute of Development Studies

Opinion

We have audited the financial statements of The Institute of Development Studies for the year ended 31 March 2018 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report (continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or

Independent auditor's report (continued)

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

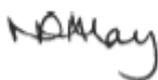
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report (continued)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date 26 July 2018

INSTITUTE OF DEVELOPMENT STUDIES
Statement of financial activities Year to 31 March 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Income and expenditure					
Incoming Resources					
Incoming resources from generated funds					
. Donations and legacies		1	154	155	30
. Income from investments	2	20	-	20	22
. (Loss)/gain on current asset investment		-	-	-	(6)
Income from charitable activities					
. Commissioned studies and research	1	11,903	8,079	19,982	20,785
. Tuition fees		2,668	-	2,668	1,968
. Publications, catering and accommodation		234	-	234	272
Total income and endowments		14,826	8,233	23,059	23,071
Resources expended					
Expenditure on raising funds					
		52	-	52	42
Expenditure on charitable activities					
. Commissioned studies and research		12,429	8,389	20,818	19,338
. Teaching costs		2,161	95	2,256	1,913
. Publications, catering and accommodation		351	-	351	437
. Interest payable –re pension provision		98	-	98	112
Total expenditure	3	15,091	8,484	23,575	21,842
Net income		(265)	(251)	(516)	1,229
Transfers between funds					
	12	618	(618)	-	-
Actuarial gain/(loss) on defined benefit pension schemes					
		445	-	445	(117)
Net movement in funds		798	(869)	(71)	1,112
Fund balances at 1 April 2017		2,365	5,153	7,518	6,406
Balances carried forward at 31 March 2018		3,163	4,284	7,447	7,518

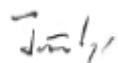
There is no difference between the net income stated above and the historical cost equivalent. All of the charity's activities derived from continuing operations during the above two financial periods.

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

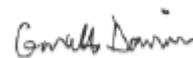
INSTITUTE OF DEVELOPMENT STUDIES
Balance sheet as at 31 March 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed Assets					
Tangible Assets	7		1,299		1,301
Current Assets					
Debtors	8	7,051		6,021	
Current asset investments	9	6,221		5,357	
Cash at bank and in hand		862		2,032	
		<u>14,134</u>		<u>13,410</u>	
Creditors: amounts falling due within one year	10	<u>(4,604)</u>		<u>(3,339)</u>	
Net current assets			9,530		10,071
Creditors: amounts falling due after one year	11		<u>(85)</u>		<u>(47)</u>
Net assets excluding pension liabilities			10,744		11,325
Defined benefit pension liability	14		(3,297)		(3,807)
Total net assets			<u>7,447</u>		<u>7,518</u>
Represented by:					
Funds					
<i>Income funds:</i>					
Unrestricted funds					
• Designated funds		1,232		1,330	
• General reserve		5,228		4,842	
		<u>6,460</u>		<u>6,172</u>	
• Pension reserve		<u>(3,297)</u>		<u>(3,807)</u>	
			3,163		2,365
Restricted funds			<u>4,284</u>		<u>5,153</u>
			<u>7,447</u>		<u>7,518</u>

Approved by the Trustees
and signed on their behalf by:



J Kydd
Trustee



G Davies
Trustee

Company registration number 877338 (England and Wales)

Approved on: 17th July 2018

INSTITUTE OF DEVELOPMENT STUDIES
Cash flow statement Year to 31 March 2018

	Notes	2018 £'000	2017 £'000
Net cash (outflow)/inflow from operating activities	A	-	1,459
Cash flows from investing activities:			
Interest received		20	22
Interest payable		(98)	(112)
Purchase of tangible fixed assets		(228)	(145)
Purchase of investments		(1,264)	(5,872)
Proceeds from the sale of investments		400	5,324
Decrease in value of investments		-	6
Decrease in short term deposits		-	-
		(1,170)	(777)
Net (Decrease)/increase in cash	B	(1,170)	682
Cash balances at 1 April 2017	B	2,032	1,350
Cash balances at 31 March 2018	B	862	2,032

Notes to the cash flow statement for the year to 31 March 2018

A *Reconciliation of net movement in funds to net cash outflow from the Institute's activities*

	2018 £'000	2017 £'000
Net movement in funds	(71)	1,112
Investment income	(20)	(22)
Interest payable on pension liability	98	112
Loss on disposal of fixed assets	20	25
Depreciation	210	200
(Increase)/decrease in debtors	(1,030)	426
Increase/(decrease) in creditors	1,303	(442)
(Decrease)/increase in pension liability provision	(510)	48
Net cash inflow from the Institute's activities	-	1,459

B Analysis of changes in cash

	At 1 April 2017 £'000	Cash flows £'000	At 31 March 2018 £'000
Cash at bank and in hand	2,032	(1,170)	862

Status of the company / charity

The company / charity was incorporated on 16 April 1966 in England and Wales, as Institute of Development Studies and is limited by the guarantee of its members. The guarantee of each member is restricted to £1 sterling. The address of the registered office is: Andrew Cohen Building, University of Sussex, Brighton BN1 9RE and its registration number is 877338.

Basis of preparation

The financial statement have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of the current asset investments, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 (effective 1 January 2015) – (Charities SORP (FRS 192)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Institute of Development Studies meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in pounds sterling which is also the functional currency of the charity.

Going concern

The Trustees have considered the results for this financial year and the forecast for the future prospects of the business and are satisfied that the Institute has sufficient resources to be able to continue trading and manage any financial downturn and consequently the accounts are presented on the going concern basis.

Income

Incoming resources are recognised when the Institute becomes entitled to the income, the amount can be measured with reasonable certainty and it is probable that the Institute will receive the funds.

Incoming resources receivable under contracts for services provided are recognised to the extent that the relevant work has been performed. Income received in advance of work performed is deferred.

Grant income is recognised in full when the Institute becomes entitled to the income, it is probable that the income will be received and the amount can be measured reliably.

Investment income is recognised when receivable.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central overhead costs are allocated to operational functions on the basis of their use of central support services.

- Support costs, which include the central office functions such as governance, general management, payroll administration, budgeting and accounting, information technology, human resources and financing are allocated across the categories of charitable expenditure. The basis of the cost allocation is explained in note 4 to the financial statements.
- Redundancy and settlement payments are recognised once the member of staff has been informed. The cost is measured at the best estimate of expenditure required to settle the obligation at the reporting date.

Incentive scheme

Any payments due to staff under incentive schemes are provided for as research costs in the financial year in which they are earned. The amounts are not disclosed as staff costs until the financial year in which they are paid.

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 transaction for income received and at the closing rate for the month in which other transactions take place. Exchange differences are taken into account in the net movement in funds.

Tangible fixed assets and depreciation

Tangible fixed assets are included at cost and only furniture and equipment greater than £500 are capitalised.

Where specific grants and donations are received for capital expenditure these are included as a restricted fund. Where capital expenditure is otherwise funded, amounts equal to payments made and capitalised net of depreciation during each period are transferred from the income and expenditure account to the designated capital fund.

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their estimated useful lives.

The periods generally applicable are:

- Leasehold buildings - period to 2029
- Furniture and equipment - five years

Current asset investments

Investments are included at closing bid value at the balance sheet date. Any gain or loss on revaluation is included in the statement of financial activities.

Basic financial instruments

IDS has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

At the Balance Sheet date the charity held financial assets at amortised cost of £6,074k (2017 - £6,464k). Financial assets at fair value through income or expenditure of £6,221k (2017 - £5,357k) and financial liabilities at amortised cost of £2,707k (2017 - £1,967k).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – the charity recognises its liability to its defined benefit pension schemes which involve a number of estimations as disclosed in note 15 to the accounts.

Contributions to pension funds

The charity participates in three pension scheme. The Institute's casual workers are auto enrolled into a National Employment Savings Trust Scheme (NEST), this is a defined contribution scheme.

The other two schemes, the Universities Superannuation Scheme (USS), and the University of Sussex Pension and Assurance Scheme, (USPAS) are both multi-employer defined benefit pension schemes providing benefits based on final pensionable pay and career revalued benefits.

The Institute accounts for the defined contribution scheme by charging all contributions to the SOFA as incurred. For the defined benefit pension schemes the assets of each scheme are held separately from those of the charity. The charity is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the schemes as if they were defined

contribution schemes. As a result, the amount charged to the statement of financial activities represents the contributions payable to the schemes in respect of the accounting period.

The Institute's share of the deficit for USPAS is deemed to be the deficit contributions payable by the Institute. This deficit is recorded as a liability on the balance sheet.

The Institute's share of the deficit for USS has been calculated using a specific modeller. The amounts payable in contributions to fund the deficit have been included as a charge in the statement of financial activities.

Fund accounting

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds, which have been designated for specific purposes by the Trustees.

1. *Commissioned Studies and Research*

Commissioned studies, research and knowledge services income was received in the following areas of activity:

	2018	2017
	Total	Total
	£'000	£'000
Accountable Grant	-	2,078
Business & Markets	425	502
Cities	617	159
Conflict & Violence	690	251
Digital	2,041	1,167
Gender & Sexuality	302	220
Governance	2,190	2,506
Green Transformation	451	253
Health & Nutrition	3,016	5,074
Knowledge, Impact & Policy	835	1,217
Participation	998	1,307
Power & Popular Politics	3,443	3,160
Resource Politics	1,828	1,491
Rural Futures	3,146	1,400
Total	19,982	20,785

a) Commissioned Studies and Research income includes the following values for accountable grants awarded by UK Aid – The Department for International Development:

PO 5114	International Centre for Tax and Development	£1,137,002.54
PO 7195	Agricultural Policy Research in Africa (APRA)	£1,622,147.47
	Commercialisation, Women's Empowerment and Poverty Reduction	
PO 7239	Empowerment and Accountability Research Programme	£1,080,603.66

- b) Commissioned studies and research income includes £215,154 for Challenges and Opportunities for Rural Youth Employment in Sub-Saharan Africa, awarded by the International Fund for Agricultural Development and £351,233 for the Programme Partnership between Irish Aid and IDS, awarded by Irish Aid.

2. *Investment Income*

	2018 Total £'000	2017 Total £'000
Interest receivable on certificates of deposit	20	22

3. *Analysis of Total Resources Expended*

	Direct costs £'000	Support costs £,000	2018 Total £'000	2017 Total £'000
Costs of Generating Funds				
• Costs of generating voluntary income	52	-	52	42
Charitable activities				
• Commissioned studies and research	18,152	2,666	20,818	19,338
• Teaching costs	1,708	548	2,256	1,913
• Publications, catering & accommodation	303	48	351	437
• Interest payable	98	-	98	112
	20,313	3,262	23,575	21,842

4. *Support Costs*

	2018 Total £'000	2017 Total £'000
Premises	375	349
Communications	346	429
Director's office	457	557
Finance, Computer and Technical support	727	675
Fundraising and partnerships	197	190
Human resources	424	432
Depreciation	210	200
Governance costs	20	22
Other costs	506	251
	3,262	3,105

Central support costs are all allocated by income generated by each activity.

Resources expended include:	2018 Total £'000	2017 Total £'000
Auditor's remuneration		
• audit services		
- financial statements audit	18	22
- other audit services	6	4
• non audit services	14	2

5. *Staff and Trustees*

	2018 Total £'000	2017 Total £'000
Staff costs during the year:		
Wages and salaries	8,344	8,553
Social security	890	886
Apprenticeship Levy	42	-
Other pension costs	1,592	1,599
Redundancy costs	272	157
	11,140	11,195

Of the amounts shown in redundancy costs an amount of £35k (2017: £72k) was unpaid at the 31st March. All redundancy costs are accounted for in the year in which the individual is notified of their redundancy.

The average number of employees of the charity, excluding the Trustees who are not also paid employees, during the year was 249 (2017 – 248). The emoluments of higher paid employees (including those Trustees who are employees of the Institute) fell within the following ranges:

	2018 Number	2017 Number
£60,000 to £70,000	7	13
£70,001 to £80,000	5	6
£80,001 to £90,000	5	2
£90,001 to £100,000	2	2
£100,001 to £110,000	1	1
£110,001 to £120,000	0	1
£120,001 to £130,000	1	1
	21	26

The pension contributions of the higher paid employees, who were all members of a pension scheme to which the charity contributes, amounted to £266,000 (2017 - £317,000).

The emoluments of the higher paid employees do not reflect basic pay. They include any one-off sums on top of basic pay as part of the settlement of the Accumulated Time Fund (ATF), the Accumulated Individual Surplus (AIS) and the voluntary redundancy scheme described earlier in this report.

Two members of staff are included in the table as a result of redundancy payments which take their remuneration above the reporting threshold. A further nine are included or appear in a higher band than their basic pay because of the ATF or AIS payments.

The Trustees received no remuneration for their services as Trustees. In accordance with Clause 4 of the Memorandum of Association, Trustees who are also employees received remuneration for their services as employees.

The aggregate emoluments of those Trustees who are also employees of the Institute were £254,000 (2017 - £257,000) whilst they were Trustees. The Institute paid £32,000 (2017 - £40,000) pension contributions on their behalf to one of the charity's defined benefit pension schemes.

The details of the emoluments and pension contributions for Trustees who are also employees of the Institute are shown below:

Employee	Emoluments	Pension
M Leach	£125,000 - £130,000	£20,000 - £25,000
M Moore	£90,000 - £95,000	£15,000 - £20,000
E Wilson	£35,000 - £40,000	£0 - £5,000

The emoluments of the highest paid Trustee were £126,000 (2017 - £125,000), and the accrued annual pension at 31 March 2018 was £38,000 (2017 - £36,000); the maximum accrued lump sum was £115,000 (2017 - £108,000).

The key management personnel of the Institute comprise the members of the Strategic Leadership Group: the Director, Director of Finance & Strategic Operations, Director of Research and Director of Communications. The total employee benefits of the key management personnel of the Institute were £593,000 (2017: £600,000)

During the year ended 31 March 2018, 3 Trustees (2017 – 7 Trustees) were reimbursed expenses amounting to a total of £2,000 (2017 - £4,000) for travelling to attend Trustees' meetings.

6. Taxation

The charity is a registered charity and therefore 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.

7. Tangible Fixed Assets

	Leasehold building £'000	Furniture and equipment £,000	Total £'000
Cost			
At 1 April 2017	2,591	1,987	4,578
Additions	128	100	228
Disposals	(133)	(53)	(186)
At 31 March 2018	2,586	2,034	4,620
Depreciation			
At 1 April 2017	1,521	1,756	3,277
Charge for the year	107	103	210
Eliminated on disposal	(113)	(53)	(166)
At 31 March 2018	1,515	1,806	3,321
Net book values			
At 31 March 2018	1,071	228	1,299
At 31 March 2017	1,070	231	1,301

The charity has an agreement with the University of Sussex for the occupation of the buildings until 2068. The charity is depreciating the buildings over the period until 2029 as this corresponds to the period covered by an agreement with the University of Sussex as regards certain occupancy rights.

8. Debtors

	2018 £'000	2017 £'000
<i>Amounts falling due within one year:</i>		
Sales ledger balances	4,510	4,213
Amount due from University of Sussex	678	213
Prepayments and other debtors	1,863	1,595
	7,051	6,021

9. Current Asset Investments

	Total £'000
Balance at 1 April 2017	5,357
Additions	1,264
Disposals at book value	(400)
Gain during the year	-
Balance at 31 March 2018	6,221

	2018 £'000	2017 £'000
Investments at market value comprised UK deposit fund	6,221	5,357
	6,221	5,357

10. Creditors: Amounts falling due within one year

	2018 £'000	2017 £'000
Commissioned studies – unrestricted deferred income	1,684	1,109
Closed accumulated time fund	-	6
Accruals and other creditors	2,761	2,016
Social security and other taxes	159	208
	4,604	3,339

Reconciliation of Movement Unrestricted Deferred Income

	Total £'000
Balance at 1 April 2017	1,109
Released during the year	(524)
Additional deferral	1,106
Balance at 31 March 2018	1,691

11. Creditors: Amounts falling due after one year

	2018	2017
	£'000	£'000
Accruals and other creditors	85	47
	85	47

12. Funds

	At 1 April 2017 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 March 2018 £'000
Unrestricted funds						
<i>Designated</i>						
Capital fund (represented by tangible fixed assets)	1,116	-	-	15	-	1,131
Strategic development fund	49	-	(49)	-	-	-
Building development fund	100	-	-	-	-	100
Closed accumulated time fund	65	-	(65)	-	-	-
General donations fund	-	1	-	-	-	1
	<u>1,330</u>	<u>1</u>	<u>(114)</u>	<u>15</u>	<u>-</u>	<u>1,232</u>
General funds						
Income and expenditure account	4,842	14,825	(15,042)	603	-	5,228
Pension reserve	(3,807)	-	65	-	445	(3,297)
Total unrestricted funds	<u>2,365</u>	<u>14,826</u>	<u>(15,091)</u>	<u>618</u>	<u>445</u>	<u>3,163</u>
Restricted funds						
Irish Aid	56	-	-	(56)	-	-
Other research projects	4,835	8,079	(8,389)	(545)	-	3,980
Deferred income (represented by tangible fixed assets)	185	-	-	(17)	-	168
Albertina Scholarship fund	-	104	(48)	-	-	56
Dudley Seers fund	41	-	-	-	-	41
Ferguson Scholarship fund	-	50	(47)	-	-	3
Gordon White fund	1	-	-	-	-	1
Hans Singer fund	25	-	-	-	-	25
Scholarship Donation fund	10	-	-	-	-	10
Total restricted funds	<u>5,153</u>	<u>8,233</u>	<u>(8,484)</u>	<u>(618)</u>	<u>-</u>	<u>4,284</u>
Total funds	<u>7,518</u>	<u>23,059</u>	<u>(23,575)</u>	<u>-</u>	<u>445</u>	<u>7,447</u>

Analysis of Net Assets Between Funds

	Unrestricted funds £'000	Restricted funds £'000	2018 Total Funds £'000
Tangible fixed assets	1,131	168	1,299
Net current assets	5,414	4,116	9,530
Creditors due in more than 1 year	(85)	-	(85)
Pension liability provision	(3,297)	-	(3,297)
Total net assets	3,163	4,284	7,447

Designated Funds

The designated funds represent monies that have been set aside by the Trustees for specific purposes, as follows:

Capital Fund

This is used to account for the purchase and depreciation of tangible fixed assets when they are purchased out of general income of the Institute. Amounts are transferred to or from capital fund so that the balance of the capital fund plus the deferred income reserve is equal to the net book value of tangible fixed assets. During the year ended 31 March 2018 £15k was transferred from the income and expenditure account to the capital account in respect of the increase in net book value of the fixed assets during the year (2017 - £63k decrease).

Building Development Fund

IDS is just about to commission a new building condition survey this reserve has been set up to cover any repairs which may be required in 2018/19 which are unable to be covered from the budget that has been set. The reserve has been set at £100,000 (2017 - £100,000).

Closed Accumulated Time Fund

The fund represented the time element (part (b)) of the settlement agreed with the unions, and the maximum amounts due to any fellows on retirement (if they decide to take the settlement on time). The final amount of time in this fund was taken in the year ended 31 March 2018.

Strategic Development Fund

The strategic development fund was designated in order to fund the strategic changes the Institute undertook in this financial year and thereafter. The full balance has now been spent.

General Donations Fund

The amount held in the general donations fund represents unrestricted donations to the Institute.

During the year the restricted balances were reviewed and a number of funds were found to have balances which could be transferred to general reserves. The amount that has been transferred is £666k and includes the £56k of Irish Aid reserve. The total transfer from restricted to unrestricted in the year is £618k.

Restricted Funds

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the relevant fund.

Irish Aid

The fund represented restricted grants received from Irish Aid to provide financial assistance towards specific research projects. All of the specific projects have now finished and it has been agreed with the funder that the balance can be moved to general reserves.

Other Research Projects

All other restricted grants have for the purposes of these accounts been grouped under one heading. These balances represent restricted grants where all income is recognised in the year for which it is received even though the activity extends to future years.

Deferred Income Fund

A government grant received to fund capital expenditure was credited to a restricted fund and was recognised in the SOFA in the year of receipt. An amount equivalent to the depreciation on the assets acquired is released to the income and expenditure account for each period. During the year depreciation of £17k (2017 - £17k) was charged against assets which had been purchased using restricted grant funding. A corresponding amount was therefore transferred out of the deferred income reserve and into the income and expenditure account.

Albertina Scholarship Fund

This fund has been established by an anonymous donation. It is to be used to provide scholarships to students from the south who wish to address poverty and social inequality in the south. The donation is £52k per year for five years. The current balance reflects two receipts of £52k and the spend is the year to date costs of the current scholarship students.

Dudley Seers Memorial Fund

This fund has been established by a generous bequest from the Seers family. The funds will be used for educational purposes.

Ferguson Scholarship Fund

The Allan and Nesta Ferguson Charitable Trust is donating £50k per year for three years to support four students per year. The balance at the end of the year is the remaining student support to be paid to the end of the academic year in July 18.

Gordon White Memorial Fund

This fund has been established by donations in memory of Gordon White, a former fellow of the Institute and is used to support IDS students in meeting the costs of summer internships and conference attendance.

Hans Singer Memorial Fund

This fund has been established by donations in memory of Sir Hans Singer, a former fellow of the Institute. The funds are used to support students.

Scholarship Donation Fund

This fund was established by donations made by attendees at specific alumni events. These events were held to launch the fundraising for a new scholarship fund and any donations from attendees of these events are held to be used for future scholarships. The fund is still supported by voluntary gifts made by IDS alumni.

13. Prior Year Funds

	At 1 April 2016 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Gains/ (losses) £'000	At 31 March 2017 £'000
Unrestricted funds						
<i>Designated</i>						
Capital fund (represented by tangible fixed assets)	1,179	-	-	(63)	-	1,116
Strategic development fund	177	-	(128)	-	-	49
Building development fund	100	-	-	-	-	100
Closed accumulated time fund	65	-	-	-	-	65
Scholarship fund	20	-	(20)	-	-	-
	<u>1,541</u>	<u>-</u>	<u>(148)</u>	<u>(63)</u>	<u>-</u>	<u>1,330</u>
General funds						
Income and expenditure account	5,432	14,383	(15,053)	80	-	4,842
Pension reserve	(3,759)	-	69	-	(117)	(3,807)
Total unrestricted funds	<u>3,214</u>	<u>14,383</u>	<u>(15,132)</u>	<u>17</u>	<u>(117)</u>	<u>2,365</u>
Restricted funds						
Irish Aid	56	-	-	-	-	56
Other research projects	2,858	8,661	(6,684)	-	-	4,835
Deferred income (represented by tangible fixed assets)	202	-	-	(17)	-	185
Dudley Seers fund	41	-	-	-	-	41
Gordon White fund	1	-	-	-	-	1
Hans Singer fund	25	-	-	-	-	25
Alumni fund	9	27	(26)	-	-	10
Total restricted funds	<u>3,192</u>	<u>8,688</u>	<u>(6,710)</u>	<u>(17)</u>	<u>-</u>	<u>5,153</u>
Total funds	<u>6,406</u>	<u>23,071</u>	<u>(21,842)</u>	<u>-</u>	<u>(117)</u>	<u>7,518</u>

Analysis of net assets between funds at 31 March 2017

	Unrestricted funds £'000	Restricted funds £'000	2017 Total Funds £'000
Tangible fixed assets	1,116	185	1,301
Net current assets	5,103	4,968	10,071
Creditors due in more than 1 year	(47)	-	(47)
Pension liability provision	(3,807)	-	(3,807)
Total net assets	2,365	5,153	7,518

14. Liability of members

Each of the 13 members (2017 – 15 members) has undertaken to contribute £1 in the event of the charity being wound up.

15. Pension schemes

The charity participates in two defined benefit pension schemes, the Universities Superannuation Scheme (USS) and the University of Sussex Pension and Assurance Scheme (USPAS). Both schemes are formally valued every three years by actuaries using the projected unit method

The benefits provided by the pension schemes are based on final pensionable salaries and career revalued benefits (USS). The USS scheme has also capped its defined benefits for future contributions for those earnings up to a salary cap (currently £55,000). All earnings above £55,000 will now be calculated on a defined contribution. The assets of these schemes are held separately from those of the charity being invested with insurance companies. The total pension cost to the charity for the year ended 31 March 2018 was £1,592,000 (2017 - £1,599,000).

At the end of the financial year the liabilities of the defined benefit pension plans are valued. The valuation is based on the amounts estimated to be required to correct the deficit discounted to reflect the time value of money. The discount rate selected reflects the opportunity cost of the investment income forgone. The rates selected by the Institute reflect the return that would be available from a high quality (low risk) corporate bond and this is compared to similar organisations to check it is reasonable. The rate for 2017/18 deficit valuation was 3.2 per cent (2017 – 2.5 per cent).

The Universities Superannuation Scheme (USS)

The pension charge for the year includes contributions payable to the USS of £1,403,000 (2017 - £1,409,000).

The latest formal actuarial valuation of the USS was carried out as at 31 March 2017 to meet the requirements of the Pensions Act 2004, and was published in 2017. This valuation showed the scheme assets as being insufficient to cover its liabilities on its technical provisions basis with an overall shortfall of £7.5bn (2011 - £5.3bn) and the cost of providing current future service benefits had risen by over a third since the last valuation

As a result of the increased deficit a number of changes were proposed to both the benefits and the funding of the scheme. The changes were not accepted by the unions and resulted in industrial action during 2018. As a result the proposed changes were dropped in April 2018 and a Joint expert panel (JEP) was convened to review the 2017 valuation and its assumptions. However, the USS trustees have an obligation to show the Pensions Regulator that at the 30 June 2018 the fund is sustainable. In order to do this and with no changes being recommended by the Joint Negotiating Committee (JNC) the trustees are enacting the cost sharing rule (76.4-8). This stipulates an increase in contributions required to cover the deficit (as determined by the trustee's valuation) being split 35:65 between members and employers respectively.

The maximum combined contribution required will be 36.6 per cent (split as above). However, the trustee will not be able to confirm the contribution requirements that will be applied from 1 April 2019 until later this year. This will be subject to the agreed process within the scheme rules and stakeholder decisions through the JNC.

A statutory consultation by participating employers with affected employees and their representatives will follow thereafter.

No benefit or contribution changes – of any kind – will be introduced before 1 April 2019.

A copy of the full actuarial valuation report and other further details on the scheme are available on the USS website www.uss.co.uk

The Institute has used a financial modeller to calculate the provision it needs to recognise in the financial statements in relation to the USS deficit. However, as no changes have been made to the scheme benefits or deficit contribution rates there has been no change to the assumptions in the modeller in the past year. The calculated amount is recognised in the balance sheet and any changes in the value of the deficit liability each year are shown on the Statement of Financial Activities. For the year ended 31 March 2018 the USS liability was £2,210,000 (2017 – £2,556,000)

The USPAS scheme

Until 1 April 2009, when the scheme was closed to new members, the Institute's staff were eligible to participate in USPAS, a defined benefit scheme operated by the University of Sussex, whose members are predominantly University employees. It is not possible to identify the IDS share of the scheme's underlying assets and liabilities, on a reasonable and consistent basis and so the Institute's contributions are accounted for as defined contribution scheme. The cost recognised in the statement of financial activities is equal to the contribution payable for the year to 31 March 2018.

The latest formal triennial actuarial valuation of this scheme was at 31 March 2015. In preparing the valuation the main assumptions made by the actuary were:

- an investment return of 3.35 per cent per annum pre-retirement for the first three years and 4.20 per cent per annum thereafter and 3.35 per cent per annum post retirement for the first three years and 2.50 per cent thereafter,
- salary scale increases of 1.25 per cent per annum for five years and 2.00% thereafter,
- a pension increase assumption of 2.10 -per cent per annum for pension increasing in line with inflation up to a maximum of 6 per cent for service before 6 April 2009 and a pension increase assumption of 1.85 per cent per annum for pension increasing in line with inflation up to a maximum of 3 per cent for service post 6 April 2009.

At the date of the valuation there was a shortfall in the assets when measured against the Scheme's technical provisions of £36.7m. (This is a reduction from the shortfall of the previous valuation which estimated a shortfall of £39.9million).

The next formal triennial actuarial valuation is due as at 31 March 2018.

The employer contribution rate required for future service benefits alone at the date of the last formal valuation was increased to 29.4 per cent (from 23.9%) from 1 July 2013. The employer contribution was reduced to 28.1 per cent from 1 July 2016.

In 2009 a recovery plan was agreed by the Trustees of the pension scheme to fund a £47 million deficit over a 20 year period (with additional contributions of £2,375,000 per annum increasing at 3.2 per cent per year from 1 August 2013 until 30 May 2030).

As a result of the 2012 valuation, the Trustees agreed to reduce the period of the recovery plan so that the deficit (£39.9m) is recovered by 31 March 2028; the 2015 valuation deficit (£36.7m) maintains the payments to correct the shortfall as they were agreed in 2012 but it is expected that the shortfall will be eliminated by 31 May 2025.

The additional contributions are required from both employers to recover the deficit under the 2012 recovery plan from 1 April 2016 are as set out below:

- £250,281 per month from 1 April 2016 until 31 March 2025 increasing at 3.2 per cent each year from 1 August with the first such increase being applied on 1 August 2016.

It is agreed that IDS would pay a proportion of these deficit contributions based on the active number of members at 31 March 2009.

The IDS proportion of the payments to eliminate the pension liability have been accrued and appear as a liability on the balance sheet. Any gains or losses are recognised in the Statement of Financial Activities. For the year ended 31 March 2018 the USPAS liability was £1,087,000 (2017 – £1,251,000).

The total pension cost to the charity for the year ended 31 March 2018 was £188,000 (2017 - £189,000); this included the additional contributions but not the amounts relating to the revaluation of the pension liabilities.

The closure of the scheme to new members left open the possibility of S75 of the Pensions Act 1995 being triggered. The Institute has invested a significant amount of time in seeking a solution to this potential problem. An agreement was signed with University of Sussex at the beginning of December which manages this liability. Further details are provided in the Trustee's report.

It is not certain what specific amounts will be payable in the future or what the timing of the payments will be, although in the short term it is envisaged that the Institute will continue to adhere to the recovery plan described above.

NEST Pension

The NEST pension has been offered to qualifying casual staff since 2013. It is a defined contribution pension scheme. The qualifying limit to auto-enrol into this pension for 2017 was for casual workers earning over £10,000 per annum or £833 per month. Other casual workers also have the option to join the NEST scheme as well. The Institute contributes 1 per cent to the NEST scheme on qualifying earnings (earnings over £490 per month). The costs of the pension are charged to the statement of financial activities in the year in which they are incurred. The assets of the scheme are held separately from the Institute in an independent and separately administered fund. The Institute has no further payment obligations once the contributions have been paid. From April 2018 the minimum employer contribution rose from 1 per cent to 2 per cent.

The total pension cost to the charity for the year ended 31 March 2018 was £630 (2017 - £212).

16. *Related party transactions*

University of Sussex

Professor A Tickell, Vice Chancellor of the University of Sussex is an ex-officio member of the Board. During the year the Institute paid £828,000 (2017 - £658,000) to the University of Sussex for services provided to the Institute, and received £2,760,000 (2017 - £2,044,000) from the University in respect of tuition fees and other income. The balance outstanding is nil (2017 - £0)

Professor J Kydd, director of Broadstone Economics Ltd is Chair of the Board. During the year the Institute paid £1,000 (2017 - £0) to Broadstone Economics Ltd for two days consultancy reviewing papers for the Agricultural Policy Research in Africa Project. The consultancy work was approved by the board prior to being carried out. The balance outstanding is nil (2017 - £0)

All amounts paid and received were in the normal course of the Institute's activities.

17. Comparative SOFA for year ended 31 March 2017

The detailed SOFA for the previous financial year is set out below.

	Notes	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000
Income and expenditure				
Incoming Resources				
Incoming resources from generated funds				
. Donations and legacies		-	30	30
. Income from investments	2	22	-	22
. (Loss)/gain on current asset investment		(6)	-	(6)
Income from charitable activities				
. Commissioned studies and research	1	12,127	8,658	20,785
. Tuition fees		1,968	-	1,968
. Publications, catering and accommodation		272	-	272
Total income and endowments		14,383	8,688	23,071
Resources expended				
Expenditure on raising funds				
		42	-	42
Expenditure on charitable activities				
. Commissioned studies and research		12,654	6,684	19,338
. Teaching costs		1,887	26	1,913
. Publications, catering and accommodation		437	-	437
. Interest payable –re pension provision		112	-	112
Total expenditure	3	15,132	6,710	21,842
Net income		(749)	1,978	1,229
Transfers between funds				
	12	17	(17)	-
Actuarial gain/(loss) on defined benefit pension schemes		(117)	-	(117)
Net movement in funds		(849)	1,961	1,112
Fund balances at 1 April 2016		3,214	3,192	6,406
Balances carried forward at 31 March 2017		2,365	5,153	7,518



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