

Atlas Economic Research Foundation (UK)

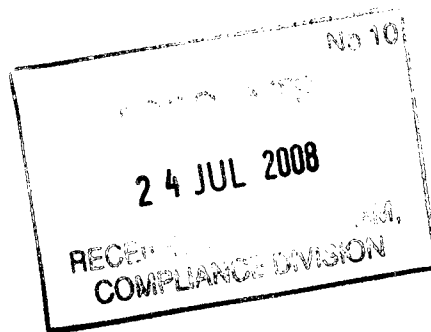
working as

The International Policy Network UK

Report and Financial Statements

Year ended 31 December 2007

Charity no: 262982



Contents	Page
Reference and Administrative Information	1
Report of the Trustees	2
Independent Auditor's Report	12
Statement of Financial Activities	14
Balance Sheet	15
Principal Accounting Policies	16
Notes to the Financial Statements	17

The International Policy Network UK

Reference and Administrative Information

Year ended 31 December 2007

Trustees

L Whetstone, Chairman

J Blundell

M Fisher

Except where otherwise stated, the Trustees were in position from 1 January 2007 to the date of this report.

Director

Professor Julian Morris

Principal Office

3rd Floor, Bedford Chambers

The Piazza

Covent Garden

London WC2E 8HA

Website Address

www.policynetwork.net

Auditor

Baker Tilly UK Audit LLP, Chartered Accountants, St Philips Point, Temple Row, Birmingham B2 5AF.

Bankers

HSBC Bank plc, Westminster Branch, 22 Victoria Street, London, SW1H 0NJ

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

Report of the Trustees for the year ended 31 December 2007

The Trustees present their report and the audited financial statements for the year ended 31 December 2007. The financial statements have been prepared in accordance with the accounting policies set out on page 16 and comply with the trust deed and applicable law.

Constitution

The Atlas Economic Research Foundation (UK), working as the International Policy Network, is constituted under a trust deed dated 30 July 1971, as amended by a Scheme sealed on 19 July 1984. It is a charity registered with the Charity Commission for England and Wales, number 262982. In April 2001, with the consent of the Charity Commission, it adopted the working name of The International Policy Network, "IPN", and in December 2004, "UK" was added to the name. It is now known as The International Policy Network UK or IPN UK.

Organisation

IPN UK is governed by its Board of Trustees who are appointed from time to time by the existing Trustees. Potential new Trustees are considered in terms of their fiduciary experience, understanding of the institutions of a free society and relevant special knowledge. As IPN UK is small and available time of Trustees and staff is limited, the process of identifying candidates is informal and based on personal contact. Candidates are expected to be already familiar with IPN UK and its work so that they can make an immediate contribution. Training needs of Trustees would be discussed in Trustees' meetings and addressed on an individual basis as appropriate.

IPN UK is managed by its Director, appointed by the Trustees. The Director reports to the Trustees at Board meetings. The Trustees are responsible for setting broad policy, agreeing strategy, approving annual budgets and reviewing activities and results.

In 2006, the Trustees concluded that the institute's objects would presently be best achieved primarily through the provision of support to IPN UK's sister organisation (see below) and others, rather than by acting directly.

Connected Charity

International Policy Network UK and International Policy Network US, Inc, a US 501 (c) (3) non-profit corporation are "sister" charitable and educational institutes. They are separate legal and financial entities with independent boards and control over their activities, working together with a common vision. One member is common to both boards, guided by their respective conflict-of-interest policies. The two working together are commonly referred to as "IPN".

During 2007, the Trustees of IPN UK made grants to IPN US totalling £159,726, of which £27,845 was restricted to the Outreach Programme and £600 was restricted to the Bastiat Prize Programme. The remainder of the grants were to support all the programmes of IPN US. International Policy Network US, Inc received total revenue and support of \$1,383,715 and after deducting expenses for the year had a net income of \$59,306.

Independence

IPN UK is a non-governmental, educational and non-partisan organisation. We value highly our independence from political, commercial or other interests. IPN UK relies entirely on voluntary donations from individuals, foundations, other charities and businesses. It does not accept grants, donations or other payments from governments or their agencies. It does not accept commissions to perform research on behalf of others. We do not work on a 'consultancy' basis and donors do not influence what we say.

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

Risk review

The primary risks to which IPN UK is exposed are reputational, loss of key personnel, and financial.

IPN UK seeks to ensure that research published by affiliated institutes maintains standards of integrity similar to its own. IPN UK's direct publishing programme is relatively small.

IPN UK addresses financial risk through its management accounts and frequent interaction between Trustees, Director and Accountant.

The Trustees review major strategic, operational and financial risks at board meetings.

Objects

The objects of IPN UK are to promote the advancement of learning by research into economic and political science and the publication of such research and in particular (1) by promoting the study of the effect of moral and political factors on the operation of economic laws; (2) by advancing knowledge of economic political and international relations; (3) by providing financial support to individuals engaged in research in the field of economic science; and (4) by joining with, collaborating with and supporting other charitable bodies engaged in similar activities.

Aims and strategy

Our goal is to encourage better public understanding of the role of the institutions of the free society in social and economic development. We pursue this goal by interacting with thinkers, commentators and others interested in public policy issues in many countries and across many disciplines.

IPN UK supports the conduct, commissioning and dissemination of research, directly and indirectly with partner organizations, in the realms of health, environment, trade and development. We hope that as a result of our programmes, individuals will be better able to achieve their aspirations, regardless of race, colour, creed, nationality or human condition. Our programmes and activities are international in scope, with primary emphasis on issues affecting poor people in less developed countries.

IPN UK encourages the exchange of ideas through support for international conferences and meetings, and by assisting the participation of individuals from less developed countries. IPN UK seeks to encourage rising standards of journalism around the world, and especially in developing countries.

Grant making policy

IPN UK makes two types of grants. (1) To individuals to support their research; (2) to institutes conducting programmes similar to IPN UK's own. In both cases, grant proposals are assessed in terms of their ability to further IPN UK's objects and activities. Grants to individuals are primarily made to intellectuals on low incomes. IPN UK leverages its limited resources in this area by working actively to help such individuals to obtain support from foundations and other grant-making charities.

2007 Programme Activities

IPN UK, in association with its sister institute International Policy Network US, Inc, continued to focus on a number of international public policy issues, including foreign aid, health, trade, technology, economic development and the environment. Total direct expenditure by IPN UK on programmes was £66,493, and a further £159,726 of grants were made to support the programme activities undertaken by IPN US, representing 89% of total resources expended. (Please refer to "Financial Review" below and to the Accounts and Notes for further information.) Incoming resources available of £366,475 were higher than in 2006 (£201,220). This permitted an increase of £87,582 in outlays on programme activities (including grants of £159,726 to IPN US to support their programme activities) whilst raising free reserves, which has been an objective of the Trustees. Unrestricted donations accounted for 98% of total income.

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

Descriptions of programme activities below, are those of IPN UK and IPN US working together as "IPN", in order to give readers of these accounts a comprehensive view of the use of funds.

Health

IPN's health programme continued to raise awareness and understanding of barriers to access to medicines in less developed countries resulting from public policies. During 2007, IPN spearheaded a global campaign to educate the public about the role of choice and competition in healthcare. Through syndicated publications, conferences, opinion editorials, websites, blogs, and newsletters we hope to expand public understanding of the positive role markets can perform in healthcare. Three years ago we established a coalition under the auspices of the Campaign for Fighting Diseases. Over the course of the past year, IPN commissioned and edited chapters for the key text for the campaign – a book entitled *Fighting the Diseases of Poverty*. The book, published in March, was launched in Kenya, South Africa, and Ghana by our partner think tanks and in the US by IPN US. The book and associated launches have given us an opportunity to reach out to new sections of the health community around the world.

Environment

Whether the issue is conserving species, enhancing water availability, or protecting the oceans and atmosphere, IPN's Environment Programme seeks to explain how the institutions of the free society can be harnessed to enhance environmental amenities.

Climate change has gone beyond a scientific or environmental issue and is now an all-encompassing economic issue, with major geopolitical ramifications. There is growing pressure for international regulation – regulation that would threaten fundamental freedoms and potentially have greater adverse results than the global warming itself. For example, the consequences of a lack of modern, reliable and inexpensive energy may be seen today in rural areas of the world's poorest countries: Over one million women and children die every year as a result of respiratory ailments directly related to their reliance on traditional energy sources, such as animal dung, wood, and crop residues. The lack of reliable and inexpensive energy sources also means people are unable to pump and process clean water – leading to hundreds of millions of cases and millions of deaths from water-borne diseases.

Since 2001, IPN has sought to promote rational and balanced discussion about climate change on an international scale. Through events, publications, participation at UN conferences and other activities, we have underscored the dangers of pursuing policies predicated on alarmism, highlighted the costs associated with imposing restrictions on carbon emissions, and emphasised the role of adaptation as a more cost effective and equitable alternative policy approach. We have worked closely with academics, including both scientists and economists, partnering with other think-tanks working on the issue.

In December, IPN together with partners in the Civil Society Coalition on Climate Change, published the Civil Society Report on Climate Change. This report seeks to offer a balanced assessment of the problem of climate change and to evaluate various policies. It contains chapters by five leading experts on the issues of agriculture and forestry, natural disasters, human health, and the political economy of climate policy.

During 2007, IPN also made an important and very well received contribution to debate on the associations between population levels, economic growth and environmental conditions. IPN is concerned that debate based on inadequate analysis is liable to result in the real causes of poverty, and the links between poverty and the environment, being downplayed. In turn, institutional reforms may be overlooked that are essential to eradicate poverty. These include stronger property rights, open markets and the rule of law.

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

Trade, Technology and Development

IPN's programme on Trade, Technology and Development seeks to improve public understanding of the importance of free trade and the institutions of the free society in promoting economic, technological and cultural development.

Property rights are the cornerstone of economic development, yet in many parts of the world they are poorly understood and are often undermined by government. Clearly defined, readily enforceable and tradable property rights are essential for economic growth. From securitising small loans with which farmers can buy fertiliser, to providing incentives for companies to invest billions into the development of new drugs, property rights underpin the development of a modern, prosperous economy. As a result, today few people in the West argue for the abolition of property rights. However, the fundamental importance of property rights for economic progress is not so widely accepted in many poorer parts of the world or amongst many of those interested in aiding them. Governments of many poorer countries have been encouraged to abrogate property rights in the name of fighting poverty and disease.

IPN is committed to educating the public and policymakers about the importance of property rights for economic development. Our strategy is two pronged. First, we aim to cultivate a broader appreciation of the role of property rights, by publishing and disseminating substantive research in collaboration with our many partner think tanks around the world. Second, where property rights are being directly abrogated by governments, we offer lucid and intellectually coherent critiques through the media, be it via syndicated columns or through radio and television appearances.

An example is the "Institutional Quality Index", which IPN has been developing with Dr. Martin Krause, an Argentine economist. The "IQ Index" includes measures not only of the strength of property rights and openness to trade, but also measures of political and social freedom. The Index was published in Spanish jointly by institutes throughout Latin America.

A growing body of evidence demonstrates that the causes of poverty are endogenous, not exogenous. Fundamentally, poor societies lack legal institutions, such as transferable property rights, that empower people to utilise their own talents, abilities and hard work in order to better themselves and create wealth. In societies where such legal institutions exist and are enforceable, they provide the underlying structure of a market economy. In *The Mystery of Capital*, Peruvian economist Hernando de Soto argued that the absence of clear, transferable title to property was a major hindrance to economic development. Enabling the poor to access this capital – *their* capital – is clearly an urgent priority for empowerment and economic development. Some innovative thinkers have come up with schemes that obviate the need for a bureaucratic state-centric approach to land-titling, while still allowing the poor to capitalise on their assets.

Kirithimala Gunasekara, a Sri Lankan lawyer, outlined one such concept at a discussion hosted by IPN in September, explaining that one way to unlock "dormant" capital would be for property owners to obtain title insurance. Such a scheme is in operation in Sri Lanka, whereby formerly disenfranchised farmers and businessmen are now able to claim title insurance on their property. With the collateral they have raised, they can make investments through local banks. Together, the title holders and the banks that respect the titles have created a vested interest that is fostering a virtuous cycle of wealth and prosperity in an impoverished region of the country. So far the scheme has brought enforceable property rights to almost 10,000 households, without the intervention of government or foreign aid.

In Kenya, private investment in the cell phone market has made a remarkable difference, enabling entrepreneurs to access markets and people to stay in touch. This story is told by Kenyan June Arunga in IPN's paper "The Cell Phone Revolution in Africa." She and co-author Billy Kohora examined how entrepreneurs realised that although poor and underserved by their governments, Africans could still constitute a formidable market. They invested in and improved private cell phone networks, providing a highly effective alternative to state-owned fixed-line networks so that over 50% of sub-Saharan Africa is now covered by a signal and reaping the benefits afforded by cost-effective access to markets and information. As a result of IPN publishing her paper, June took her positive message to millions of people during a 15-minute segment on BBC's *Newsnight*.

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

Media Communications

As a small educational charity, resources available for communications are limited. In order to reach the maximum number of people especially in developing countries, IPN UK together with its sister institute, IPN US, relies on both indirect communication via traditional media and direct communications using modern technology, available to public users at no or low charge. A programme of discussion meetings is maintained. During 2007, IPN UK's external communications effort was primarily in the form of the provision of facilities and grant support to its sister institute.

An important contribution to facilitate exchange and discussion of ideas was the launch of our new webzine CriticalOpinion.org. The site contains all of IPN's articles, and offers a feed so that the user can select any topic or region for automatic updates. The aim of the website is to make these articles as widely accessible as possible. We allow newspapers to reprint them at no cost, and they can be posted on websites just by acknowledging Critical Opinion as the source.

Bastiat Prize

IPN's Bastiat Prize for Journalism, inspired by the 19th-century French essayist Frédéric Bastiat, seeks to encourage and reward writers whose published works, like those of Bastiat, eloquently and wittily explain the institutions of the free society.

The 2007 competition was the biggest to date, attracting 240 applicants from around the world, from very large publications and small, and from both developed and less developed countries. The Bastiat Prize was awarded to Amit Varna, then an editorial columnist for the Indian newspaper *Mint*. Second place was awarded to Clive Crook, Senior Editor of *The Atlantic Monthly* and Associate Editor of the *Financial Times*. Third place went to Jonah Goldberg, Contributing Editor to *National Review*.

Conferences and discussions

January

Julian Morris spoke at the "Trade in a Changing Climate" event at the Royal Society of Arts in London.

Julian Morris spoke at the "Eco + Money = Economy?" debate at Worcester Cathedral.

February

IPN supported and helped to organise the February 2007 special meeting of the Mont Pelerin Society in Nairobi – 'The Institutional Framework for Freedom in Africa'. In many parts of Africa, markets are stifled by a plethora of tariffs and regulations; property rights are poorly defined and enforced; and the rule of law is applied arbitrarily, if at all. As a result, people in Africa find it enormously difficult to create businesses and jobs, forcing the vast majority to eke out a precarious existence in subsistence agriculture. Such perverse governance causes corruption to thrive and results in much effort being wasted in circumventing bureaucracy - instead of being spent on productive activity. The end result is poverty, illness and premature death for millions. Addressing this quagmire was the challenge set for those who attended the special meeting, bringing together Africans, Europeans and Americans.

IPN UK's Chairman, Linda Whetstone, together with James Shikwati founder of IREN, a leading Kenyan think tank, organised the meeting. IPN UK helped to identify potential African speakers and delegates who would benefit most from attendance, and provided funding to facilitate their participation and that of international speakers. In the end, over half of the 130 delegates were African, and represented a diverse range of countries.

At a meeting held by IPN in London, Gia Jandieri, Vice-President of the New Economic School, a think-tank in Georgia, discussed economic reforms and progress towards free markets in Georgia and the Caucasus region.

Professor Suri Ratnapala, Professor of Law at the University of Queensland, Australia, discussed the causes of Sri Lanka's current predicament at a meeting held by IPN.

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

Julian Morris spoke at the debate 'Which is a Higher Priority: Climate Change or Biomedical Innovation?' held at Imperial College, London.

Alec van Gelder took part in a meeting at World Intellectual Property Organization in Geneva.

A special IPN event "Africa: Opportunities and Threats" featured June Arunga, a documentary filmmaker from Kenya, Leon Louw from the Law Review Project and Free Market Foundation in South Africa, and Andrew Mwenda, formerly Political Editor of the *Daily Monitor*, Uganda.

March

A seminar held in Nairobi featured Philip Stevens, Dr. Roger Bate of the American Enterprise Institute, Richard Tren of Africa Fighting Malaria, and Dr Willis Akwahle of Kenya's Department of Malaria Control. The seminar brought together senior members of Kenya's Ministry of Health, civil society and the press.

Speakers at a major event organised by IPN and the Free Market Foundation to discuss South Africa's healthcare environment included senior representatives of the private sector and the Ministry of Health. The event included a launch of IPN's book *Fighting the Diseases of Poverty*.

Professor James Chin, Clinical Professor of Epidemiology at the University of California, Berkeley addressed a meeting at IPN. Prof. Chin was formerly Chief of the Surveillance, Forecasting, and Impact Assessment unit of the Global Programme on AIDS (GPA), World Health Organization. His lecture was on the conflicts between epidemiology and politics.

Alec van Gelder spoke in a debate hosted by the People and Planet Society at the London School of Economics.

Philip Stevens launched IPN's book *Fighting the Diseases of Poverty* in Ghana at a special seminar hosted by Ghanaian think-tank Imani. The conference was widely covered in the Ghanaian print media in the days following the meeting.

Alec van Gelder took part in a debate at the Institut Français in London, on 'Developing Countries Need Trade Not Aid'

An IPN seminar "Patents, Public Choice and Innovation" featured Andrew Morriss and Craig Nard, both Professors of Law at Case Western Reserve University in Ohio.

April

Philip Stevens addressed a London conference "Pharmaceutical anti-counterfeiting strategies" on ways to curb the supply of counterfeit medicines in less developed countries.

Julian Morris spoke at a meeting "Counter Consensual Conference on Climate Change" at the European Parliament in Brussels.

IPN hosted the launch in London of Roger Ridell's book *Does Aid Really Work?* (Oxford University Press, 2007).

Charles Murray, a scholar at the American Enterprise Institute, spoke at an IPN meeting on "Edmund Burke and Adam Smith as Guides for Rural Development in the Third World".

May

India's MIT-School of Government visited IPN during its tour of British and European institutions. This faculty is unique in India, offering a post-graduate course in governance to people with professional experience. We had the privilege of debating with two dozen of India's future leaders in many fields. We look forward to regular visits and the continued exchange of ideas with us and our Indian think-tank partners.

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

IPN organised a discussion in Geneva about the proposed Medical Research and Development Treaty, with Philip Stevens (IPN), Andrew Farlow (Oxford University, UK) and James Love (Knowledge Ecology International, USA).

IPN and the Thailand-based Friedrich Naumann Foundation co-sponsored a seminar "The Rule of Law and Economic Development in Thailand" featuring Alec van Gelder (IPN), Barun Mitra (Liberty Institute, India), Dr. Pichit Likitkijksomboon (Thammasat University, Thailand), and a keynote address by Judge Vichai Ariyanuntaka, Research Justice of Thailand's Supreme Court.

A meeting in London on "Freedom of Speech in Turkey" featured Professor Atilla Yayla, Professor of Political Theory and Political Economy, Gazi University, Ankara and President of the Association for Liberal Thinking, Ankara

June

Indur Goklany (policy analyst, US), and Richard Tren (Africa Fighting Malaria, US) joined Philip Stevens, Editor of *Fighting the Diseases of Poverty*, in Washington, DC to discuss the book. The event was moderated by Jeremiah Norris (Hudson Institute, US).

IPN and the Galen Institute co-sponsored a discussion in Washington, DC on markets and healthcare, featuring Mark McClellan (AEI-Brookings Joint Center for Regulatory Studies, USA), Helen Evans (Nurses for Reform, UK), Johnny Munkhammar (Timbro, Sweden), Len Nichols (New America Foundation, US), Brett J. Skinner (Fraser Institute, Canada) and Eugene Steuerle (Urban Institute, US).

Mercatus Center scholar Sanford Ikeda spoke at an IPN meeting in London to discuss his latest study, "Power to the Neighbourhoods" on alternative solution to help the city of New Orleans to recover from the Katrina disaster.

August

An IPN meeting in London featured Alex Nash, a water engineer and author of *Water Provision for the Poor* published by the Sustainable Development Network.

The Free Market Foundation (South Africa) and IPN co-sponsored a conference in Johannesburg on intellectual property rights in emerging countries.

Paulo Gontijo (Instituto Millenium, Rio de Janeiro) spoke at an IPN meeting, discussing the impact of Brazil's political and institutional weaknesses on economic growth.

IPN and CEPOS, a Denmark-based think tank, hosted a discussion in Copenhagen on the role of property rights and markets in health care and medical innovation.

September

IPN and the Minimal Government Institute (Philippines) organised a discussion in Manila about the relationship between intellectual property, innovation and access to medicines, with particular reference to people in the ASEAN region.

At an IPN meeting in London, Kirthimala Gunasekera discussed both the theory of title insurance and her experiences developing such a system as a private-sector solution to the eradication of poverty in her native Sri Lanka.

October

IPN and the Institute for Policy Innovation (US) held a conference in Washington, DC on intellectual property rights, innovation and the provision of healthcare in poor countries. The event coincided with the general meeting of the Pan-American Health Organisation.

IPN hosted David Butcher, Former Deputy Minister of Agriculture, Lands and Forests of New Zealand, at an event in London, "Lessons from Agricultural Reform in New Zealand".

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

An IPN meeting in London featured Judith Todd, a human rights activist and author of *Through The Darkness: A Life In Zimbabwe*, and Geoffrey Nyarota, journalist, Editor of *TheZimbabweTimes.com*, founding editor of the *Daily News* and author of *Against The Grain - Memoirs Of A Zimbabwean Newsmen*.

November

IPN and Beijing's Cathay Institute for Public Affairs held a series of symposiums and workshops in Beijing for senior Chinese officials on the lessons that China can learn from Britain's NHS, as it looks to reform its healthcare system. Philip Stevens also spoke about the NHS at a high level conference in Haikou on Chinese Reform organised by German development agency GTZ.

IPN hosted a panel discussion in Geneva with Barun Mitra of the Liberty Institute (Delhi) and Jeremiah Norris of the Hudson Institute (Washington DC), who discussed on access to medicines in poor countries, innovation for the diseases of poverty and economic development.

Professor Lee Silver of Princeton University spoke at an IPN meeting in London about the influences that local cultural-religious attitudes have on biotechnology research and development in different parts of the world. Silver is the author of *Challenging Nature: The Clash of Science and Spirituality at the New Frontiers of Life (2006)*.

IPN co-sponsored a debate in New York on energy independence between two energy experts -- Jerry Taylor (Cato Institute, Washington, DC) and Frank J. Gaffney, Jr. (Center for Security Policy, Washington, DC).

December

With 40 other think tanks around the world, IPN established and launched the Civil Society Coalition on Climate Change (CSCCC), whose mission is to offer a balanced and impartial perspective on the issue. We also published the *Civil Society Report on Climate Change*, and launched the Coalition website (www.cscce.info).

At the UN's climate meeting in Bali (Dec. 3-14), IPN coordinated participation by CSCCC members, and distributed several hundred copies of the *Civil Society Report* to delegates, participants and members of the news media.

Websites

Together with broadcast media, websites are the primary means by which IPN communicates directly with the public. These sites include:

www.policynetwork.net – International Policy Network

www.fightingdiseases.org – the Campaign for Fighting Diseases

www.sdnetwork.net – the Sustainable Development Network

www.ideasforafreesociety.org - introduces the "Ideas for a Free Society" CD

www.criticalopinions.org – features op eds and other materials, commissioned and edited by PN

Financial review

IPN UK's total incoming resources were £366,475, of which £4,200 were restricted. Resources expended were £254,118, resulting in a net positive movement in funds of £112,357 compared with £34,254 in the previous year.

Donations income, or "Voluntary Income", was £364,369 compared with £198,432 in 2006, and accounted for 99% of total income. Fundraising costs were £3,375. Expenditure on Network programmes totalled £66,493, and in addition, grants of £166,401 were made, £159,726 to IPN US to support its programme activities, and £6,675 to the IEA in respect of its Archive Project. Administration and Governance costs were £10,104. Details of expenditure may be found in the Notes 2-6 to the Accounts on pages 17-18.

Total funds carried forward at 31 December 2007 were £214,352, all of which were unrestricted funds.

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

Reserves policy

The Trustees' overall objective is to maintain as high as possible a level of programme activity, and not to accumulate reserves beyond the level appropriate to operational requirements.

The Trustees believe that IPN UK should hold operating reserves because (i) it has no endowment funding and is entirely dependent for income on donor funding from year to year, which is inevitably subject to fluctuation, and (ii) new programme opportunities frequently arise at short notice. As the levels of income and expenditure can not be predicted with any certainty, the appropriate level of reserves is likely to fluctuate. The Trustees believe that, as a general principle, the level of operating reserves should be equivalent to six months' budgeted operating expenses.

At 31 December 2007, free reserves, defined by the Charity Commission as unrestricted funds not represented by fixed assets, amounted to £207,652, a further improvement from the 2006 level of £53,428. The free reserves at 31 December 2007 were equivalent to 9 months' expenses at the 2007 annual level. The Trustees will continue to seek to maintain reserves to the target level through retained surpluses, subject to restrictions imposed by donors and taking in to account increases or decreases in the anticipated level of operating expenditure, including lease and salary commitments.

Investment policy

It is the Trustees' policy to manage investments in a conservative manner, appropriate to the Reserves policy. Investments are not regarded as a permanent endowment, and investment income is not reinvested but used to support IPN's work. Funds available for investment are invested in professionally managed common investment funds. Investment results are reviewed regularly and policy is reviewed annually. The Charity did not hold investments during the year under review. Reserves were held in the form of liquid deposits.

Future

IPN UK intends to maintain its direct and indirect expenditure on Programme activities in 2008 subject to the level of incoming resources.

Statement as to Disclosure of Information to Auditors

The Trustees who were in office on the date of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that he/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that it has been communicated to the auditor.

Trustees' responsibilities in relation to the financial statements

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the Trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;

The International Policy Network UK

Report of the Trustees

Year ended 31 December 2007

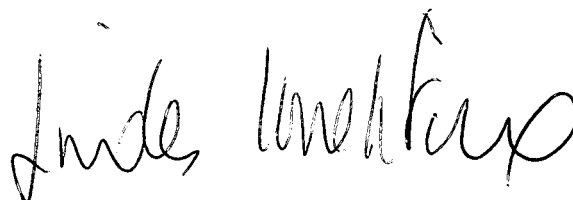
c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the requirements of the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees and signed on their behalf by

LINDA WHETSTONE

Trustee

A handwritten signature in black ink that reads "Linda Whetstone". The signature is written in a cursive style with a large initial 'L' and 'W'.

The International Policy Network UK

Report of the Auditor

Year ended 31 December 2007

Independent Auditor's Report

To the Trustees of the International Policy Network UK (Atlas Economic Research Foundation (UK))

We have audited the financial statements on pages 14 to 21.

This report is made solely to the charity's Trustees as a body, in accordance with the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's Trustees 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 charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

The International Policy Network UK

Report of the Auditor

Year ended 31 December 2007

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 December 2007 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

Gene King on Audit UK

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Dated 21 July 2008

The International Policy Network UK

Statement of Financial Activities

Year ended 31 December 2007

	Notes	Unrestricted Income Funds £	Restricted Income Funds £	Total Year to 31 December 2007 £	Total Year to 31 December 2006 £
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income		360,169	4,200	364,369	198,432
Investment income	1	2,068	-	2,068	1,646
Incoming resources from charitable activities:					
Publications income		38	-	38	1,142
TOTAL INCOMING RESOURCES		362,275	4,200	366,475	201,220
Resources Expended					
Cost of generating funds:					
Donor communications and fundraising		3,375	-	3,375	3,096
Charitable activities:					
Grants	2	131,281	35,120	166,401	5,000
Network programmes	4	65,993	500	66,493	138,637
Outreach		-	7,745	7,745	10,047
Conference expenditure		-	-	-	274
Administration		3,288	-	3,288	4,276
Governance		6,816	-	6,816	5,636
TOTAL RESOURCES EXPENDED	3	210,753	43,365	254,118	166,966
NET INCOMING/(OUTGOING) RESOURCES, BEING NET MOVEMENT IN FUNDS	5	151,522	(39,165)	112,357	34,254
TOTAL FUNDS BROUGHT FORWARD	13	62,830	39,165	101,995	67,741
TOTAL FUNDS CARRIED FORWARD	13	214,352	-	214,352	101,995

All of the above results are derived from continuing activities.

All gains and losses in the year are included above.

The International Policy Network UK

Balance Sheet

At 31 December 2007

	Notes	At 31 December 2007 £	At 31 December 2006 £
Fixed Assets			
Tangible assets	9	6,700	9,402
Current Assets			
Debtors	10	10,532	49,101
Cash at bank		205,120	85,864
		<u>215,652</u>	<u>134,965</u>
Creditors: amounts falling due within one year	11	(8,000)	(42,372)
Net current assets		<u>207,652</u>	<u>92,593</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	13	<u>214,352</u>	<u>101,995</u>
Funds			
Unrestricted funds	14	214,352	62,830
Restricted funds	14	-	39,165
TOTAL FUNDS	14	<u>214,352</u>	<u>101,995</u>

Approved and authorised for issue by the Trustees on

17 June 2008

and signed on their behalf by

James Umehara

Trustee

The International Policy Network UK

Principal Accounting Policies

Year ended 31 December 2007

(a) Accounting convention

The financial statements are prepared under the historical cost convention in accordance with the Charities Act 1993. In preparing the financial statements the charity follows UK accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005).

(b) Voluntary income

Voluntary income comprises donations and membership subscriptions. These are included in the year in which they are receivable, which is when the charity becomes entitled to the resource with reasonable certainty having met all the conditions for its receipt and it can be measured reliably.

(c) Investment income

Investment income is accounted for in the period in which the charity is entitled to receipt.

(d) Resources expended

Expenditure is included on an accruals basis.

Costs of generating funds comprise those costs incurred in raising the media profile of the charity and encouraging voluntary donations. Fundraising costs comprise staff time and associated costs of preparing applications for funds.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Administration costs are those costs incurred in providing a central resource to manage the office of the charity on a day to day basis.

Governance costs are those legal and professional costs and Trustees' expenses incurred in fulfilling the statutory obligations of the charity.

(e) Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Furniture and equipment is written off on a straight line basis over its estimated useful life of four years.

(f) Fund accounting

Details of the nature and purpose of each fund is set out in Note 14. Restricted funds are those donated to the charity for a specific purpose.

(g) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the Statement of Financial Activities.

(h) Research expenditure

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

(i) Allocation of expenditure

Expenditure is allocated to a particular activity where the cost relates directly to that activity. Support costs are apportioned to each activity on a time basis.

(j) Leased assets and obligations

All leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

The International Policy Network UK

Notes to the Financial Statements

Year ended 31 December 2007

1. Investment income

	Unrestricted £	Restricted £	2007 £	2006 £
COIF – deposit interest	231	-	231	180
Bank interest	1,837	-	1,837	1,466
Total	2,068	-	2,068	1,646

2. Grants payable

	Unrestricted £	Restricted £	2007 £	2006 £
The Institute of Economic Affairs	-	6,675	6,675	-
The Taxpayers Alliance	-	-	-	5,000
International Policy Network US	131,281	28,445	159,726	-
Total	131,281	35,120	166,401	5,000

3. Total resources expended

	Donor Communication & Fundraising £	Network Programmes £	Outreach £	Admin -istration £	2007 £	2006 £
Costs directly related to activities:						
Staff and consultants	-	-	3,596	-	3,596	43,246
Publication costs	1,069	12,560	979	-	14,608	2,978
Conferences	-	114	-	-	114	3,355
Travel & subsistence	-	-	-	-	-	4,954
Research	-	-	-	-	-	630
Office & computer costs	2,306	53,819	3,170	1,729	61,024	100,538
Bank fees	-	-	-	697	697	731
Losses/(gains) on foreign exchange	-	-	-	862	862	(376)
Total	3,375	66,493	7,745	3,288	80,901	156,056
Grants					166,401	5,000
Conference expenditure					-	274
Governance					6,816	5,636
Total resources expended					254,118	166,966

The International Policy Network UK

Notes to the Financial Statements

Year ended 31 December 2007

4. Network programmes

	Unrestricted £	Restricted £	2007 £	2006 £
Health	19,326	-	19,326	26,165
Environment	13,913	500	14,413	36,167
Trade, Technology and Development	9,507	-	9,507	22,316
Media	17,398	-	17,398	36,246
Bastiat Prize	5,849	-	5,849	17,743
Total	65,993	500	66,493	138,637

5. Net incoming resources

This is stated after charging:

	2007 £	2006 £
Depreciation	6,543	7,400
Auditor's remuneration	6,000	5,000
Operating lease rentals: Land and Buildings	30,740	61,480

6. Staff costs and remuneration of trustees

	2007 £	2006 £
Salaries & wages	-	36,256
Social security costs	-	4,299
Total	-	40,555

The average weekly number of employees during the period 1st January 2006 to 31st March 2006 was:

	2007 No.	2006 No.
Administration & support and Network coordination	-	5

On 1st April 2006, IPN UK ceased to employ staff. Staff previously employed by IPN UK, were employed by IPN US. There were no employees with emoluments above £60,000.

None of the Trustees received any remuneration or expenses during either the current or previous years. One Trustee donated £3,600 to the charity during the year (2006 £3,500).

7. Director

The services of the Director were provided by International Policy Network US Inc. This is a sister charity with the same objects as International Policy Network. At the year end there were no amounts due from the Director to the charity.

The International Policy Network UK

Notes to the Financial Statements

Year ended 31 December 2007

8. Taxation

The charity is exempt from corporation tax on its charitable activities.

9. Fixed assets

	2007 Furniture & Equipment £
Cost:	
At 1 January 2007	26,314
Additions in year	3,841
Disposals in year	(3,700)
	<hr/>
At 31 December 2007	26,455
Depreciation:	
At 1 January 2007	16,912
Depreciation on disposals	(3,700)
Charge for year	6,543
	<hr/>
At 31 December 2007	19,755
Net book value:	
At 31 December 2007	<hr/> 6,700
At 31 December 2006	<hr/> 9,402

10. Debtors

	2007 £	2006 £
Due within one year:		
Other debtors	134	33,731
Prepayments	4,873	15,370
Accrued income	5,525	-
	<hr/>	<hr/>
Total	10,532	49,101

11. Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	-	1,765
Accruals	8,000	8,350
Deferred income	-	32,257
	<hr/>	<hr/>
Total	8,000	42,372

The International Policy Network UK

Notes to the Financial Statements

Year ended 31 December 2007

12. Commitments under operating leases:

At 31 December 2007 the charity had annual commitments under non-cancellable operating leases as follows:

	2007	2006
	£	£
Land and buildings: expiring within one year	-	37,438

13. Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Tangible Fixed Assets	6,700	-	6,700
Current Assets	215,652	-	215,652
Current Liabilities	(8,000)	-	(8,000)
Total	214,352	-	214,352

14. Unrestricted and restricted funds

	At 1 January 2007	Incoming Resources	Outgoing Resources	At 31 December 2007
	£	£	£	£
Unrestricted funds	62,830	362,275	(210,753)	214,352
Restricted funds:				
IEA Archive project	6,675	-	(6,675)	-
Outreach programme	32,490	3,100	(35,590)	-
Bastiat Prize	-	600	(600)	-
Environment	-	500	(500)	-
Total restricted funds	39,165	4,200	(43,365)	-
Total funds	101,995	366,475	(254,118)	214,352

Outgoing resources - for the outreach programmes includes a grant of £27,845 made to IPN US for the specific purposes of the outreach programme – and for the Bastiat programme comprises a grant of £600 to IPN US made for the specific purposes of covering the travel expenses of a Trustee.

Unrestricted funds – comprise those funds which the Trustees are free to use in accordance with the charitable objects.

Restricted funds – are funds which have been given for particular purposes and projects:

The IEA archive project was undertaken to classify and digitise the documents of the Institute of Economic Affairs.

The International Policy Network UK

Notes to the Financial Statements

Year ended 31 December 2007

The **Outreach** programme assists our partners to engage more effectively in public policy debates. The **Environment** programme offers a constructive vision for sustainable development. The **Health** programme encourages discussion of the role of market institutions in improving human health, particularly in lower-income countries. The **Bastiat Prize** is a literary prize given for published works promoting the institutions of a free society. The **Trade, Technology and Development** programme emphasises the benefits of free trade and the importance of certain institutions to development. IPN's **Media** programme spreads policy ideas throughout the global news media.

15. Related Party Transactions

During the year the charity made grants of £159,726 (2006: paid £50,000 to) the International Policy Network US, Inc.