HIGHER EDUCATION POLICY INSTITUTE

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

For the year ended

31 July 2014

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HIGHER EDUCATION POLICY INSTITUTE
COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

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HIGHER EDUCATION POLICY INSTITUTE
COMPANY LIMITED BY GUARANTEE

OFFICERS AND PRINCIPAL ADVISERS

Directors (Trustees)	Sir Graeme Davies Sir Brian Follett (resigned 1 October 2013) Ernest Ronald Oxburgh, Baron Oxburgh of Liverpool (resigned 1 October 2013) Professor Sir Ivor Martin Crewe Sir George Peter Scott (appointed 1 October 2013) Dame Alexandra Burslem (appointed 1 October 2013)
Chief executive officer	Nick Hillman (appointed 1 January 2014)
President	Bahram Bekhradnia (appointed 1 January 2014)
Secretary	Carfax Corporate Services Limited
Registered office	5000 John Smith Drive Oxford Business Park South Oxford OX4 2BH
Principal office	99 Banbury Road Oxford OX2 6JX
Auditors	Shaw Gibbs Limited 264 Banbury Road Oxford OX2 7DY
Bankers	Lloyds Bank 87 London Road Oxford OX3 9AB
Solicitors	Henmans Freeth LLP 5000 John Smith Drive Oxford Business Park South Oxford OX4 2BH
Company Registration No.	04503712
Charity Registration No.	1099645

HIGHER EDUCATION POLICY INSTITUTE
COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2014

The trustees (who are also directors) of the charity submit their report and financial statements of the Higher Education Policy Institute for the year ended 31 July 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The trustees have paid due regard to Charity Commission guidance on public benefit in deciding what activities the charity should undertake. The Institute is a charitable company limited by guarantee, incorporated 5 August 2002. The Company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of Trustees / Trustee Induction and Training

Two new trustees, Professor Sir Peter Scott and Dame Sandra Burslem, were appointed during the financial year ended 31 July 2014 to replace two retiring trustees, Professor Sir Brian Follett and Lord Oxburgh.

Organisational Structure

The number of trustees shall not be less than three or more than five. They meet on a quarterly basis to administer the charity. An advisory board (appointed by the trustees) advises the trustees on the business of the Institute. The first Chief Executive of the Institute was appointed by the Higher Education Funding Council for England. The trustees appointed the current one and will appoint each successive Chief Executive. The Chief Executive is responsible for the day-to-day running of the charity, and is accountable to the trustees collectively for the use of the charity's resources.

Risk management

The Institute has assessed the risks which might have a material impact. These are reviewed on an annual basis during the production of the Budget, to ensure the future stability and sustainability of the organisation.

OBJECTIVES AND ACTIVITIES

The Institute was established to promote higher education both in the United Kingdom and abroad for the public benefit by: identifying relevant policy issues; sourcing existing research into those issues or, where no such research exists or it is inadequate for the purpose, carrying out, commissioning or fostering such research; and ensuring that such issues and research are brought to the attention of policy makers and other interested parties. To that end we conduct or commission research; keep in touch with research conducted by others; produce reports, and ensure they are widely disseminated to key players; arrange seminars and conferences to ensure that the evidence is widely understood; maintain bilateral contacts with policy makers and those who influence and are affected by higher education policy; and place articles in the press and use other media for information dissemination. Details of significant activities undertaken during the financial year are given more fully below.

ACHIEVEMENTS AND PERFORMANCE

HEPI's mission is to ensure as far as possible that higher education policy development in the UK is informed by research and by knowledge of the experience of others. This brief note reports some of our main activities and achievements over the past year.

Reports

Although not primarily a research body, HEPI has some research capability. Seven reports have been produced during the year. All are available on our website.

Seminars and Conferences

HEPI's aim is to ensure a better understanding of some of the key issues in higher education, and each year organises a range of events attended by some of those most closely involved in conducting higher education research and developing policies for higher education. These have this year included:

i. One conference on research funding, in conjunction with Elsevier, and one on the student experience, with the Higher Education Academy

ii. A series of policy seminars held in the House of Commons

iii. Roundtable events on quality assurance and admissions

Impact

HEPI's advice and views in relation to its reports and higher education issues more generally are regularly sought by the media. HEPI continues to succeed in its aim to reach a wide audience and influence the terms of the policy discussion. Senior members of the main political parties have publicly relied on HEPI analysis in statements and speeches, and have also consulted HEPI informally.

FINANCIAL REVIEW

Principal Funding Sources

In the financial year in question HEPI generated over £300,000 of incoming resources through its own activities. HEPI has implemented a new fundraising and development strategy to replace lost HEFCE grant through a Partnership Programme. Eleven corporate bodies and around eighty higher education institutions and related bodies have taken up membership of the Partnership Programme, and while the future is by no means secure, the scheme has been well-received and recruitment continues. HEPI's other activities are largely self-funding and generate a surplus of delegate fees and sponsorship. However, the current financial climate means that income is not yet secure, and conservative budgets have been drawn up to reflect this.

Reserves Policy

The Institute's policy on reserves is that reserves should be used to supplement recurrent income to enable the Institute to meet its mission and conduct its activities to that end. HEPI currently holds reserves equivalent to 6 month's expenditure, but this is expected to reduce.

Investment Policy

Under the memorandum and articles of association, the Charity has the power to make any investment which the trustees see fit.

PLANS FOR FUTURE PERIODS

To continue to conduct and disseminate research to further the aims of the Charity as described above.

To run the 2014 Annual Lecture and make plans for the next one in 2015;

To run at least one revenue-generating conference.

To maintain and develop relationships with existing and potential partner companies and higher education institutions. To raise additional funds by seeking sponsorship from businesses and, potentially, by increasing the proportion of time devoted to semi-commercial activities related to HEPI's core function (e.g. consultancy work, conferences) without changing the fundamental character of HEPI as a policy institute.

HIGHER EDUCATION POLICY INSTITUTE
COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2014
DIRECTORS/TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Shaw Gibbs Limited were re-appointed as reporting auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006 and in accordance with the Statement of Recommended Practice: Accounting and Reporting for Charities (issued March 2005).

On behalf of the board:

Sir Graeme Davies

Professor Sir Ivor Martin Crewe

Date: 26/11/14

REGISTERED OFFICE
5000 John Smith Drive
Oxford Business Park South
Oxford
OX4 2BH

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HIGHER EDUCATION POLICY INSTITUTE

We have audited the financial statements of the Higher Education Policy Institute for the year ended 31 July 2014 which comprise primary statements such as the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the members of the Higher Education Policy Institute, 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 entity'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 company and the entity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements of inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the entity's affairs as at 31 July 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- in all material respects, income has been applied in accordance with the Institute's Memorandum and Articles of Association.

HIGHER EDUCATION POLICY INSTITUTE
COMPANY LIMITED BY GUARANTEE

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HIGHER EDUCATION POLICY INSTITUTE (CONTD.)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Lorna Watson

Lorna Watson (Senior Statutory Auditor)
For and on behalf of Shaw Gibbs Limited, Statutory Auditor
264 Banbury Road
Oxford
OX2 7DY

Date: 13 January 2015

HIGHER EDUCATION POLICY INSTITUTE
COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR TO 31 JULY 2014

	Notes	Unrestricted Funds £	Restricted Funds £	2014 Total £	2013 Total £
Incoming resources					
Incoming resources from generated funds:					
Activities for generating funds:					
Consultancy fees		-	-	-	29,637
Interest		1,584	-	1,584	6,095
Activities to further the charity's objects					
Sponsorship and speakers fees		60,620	-	60,620	45,000
Conference fees		30,927	-	30,927	35,645
Partnership scheme		258,382	-	258,382	241,692
Other incoming resources		962	-	962	30,000
Total incoming resources	2	352,475	-	352,475	388,069
Resources expended					
Costs of generating funds					
Costs of generating funds		-	-	-	115,280
Charitable Activities					
Staff costs	3	220,114	-	220,114	183,418
Travel and subsistence		23,510	-	23,510	8,006
Office costs		42,711	-	42,711	40,500
Conferences, seminars, catering, room hire and consultancy		72,392	-	72,392	52,780
Other expenditure		14,863	-	14,863	18,301
Irrecoverable input tax		-	-	-	1,972
Governance costs		16,606	-	16,606	18,387
Total resources expended		390,196	-	390,196	438,644
Net incoming resources					
Net deficit for the year	4	(37,721)	-	(37,721)	(50,575)
Total funds at 1 August 2013		224,019	-	224,019	274,594
Total funds at 31 July 2014		186,298	-	186,298	224,019

There were no other gains and losses other than those stated above

HIGHER EDUCATION POLICY INSTITUTE
COMPANY LIMITED BY GUARANTEE

BALANCE SHEET
FOR THE YEAR TO 31 JULY 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	5	11,697	545
CURRENT ASSETS			
Debtors	6	52,900	48,280
Cash at bank and in hand		211,405	365,107
		264,305	413,387
CREDITORS			
Amounts falling due within one year	7	89,704	183,246
NET CURRENT (LIABILITIES)/ASSETS		174,601	230,141
Total assets less current liabilities		186,298	230,686
CREDITORS			
Amounts falling due greater than one year	8	-	6,667
Net assets		186,298	224,019
UNRESTRICTED FUNDS			
General funds	12	186,298	224,019
Restricted funds		-	-
		186,298	224,019

These financial statements have been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the trustees on 26/11/14 and are signed on their behalf by;

Sir Graeme Davies
Chairman

Professor Sir Ivor Martin Crewe
Trustee

Company Registration Number: 04503712

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial reporting Standard for Smaller Entities (effective April 2008), Companies Act 2006 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005.

INCOMING RESOURCES

Incoming resources in the period shown in the Statement of Financial Activities represents funds received from the partnership schemes, consultancy fees and other miscellaneous sources.

Income from grants is recognised in full in the statement of financial activities on a receivable basis according to conditions imposed by the donor.

Income from partnership scheme is recognised when the company obtains a right to consideration in exchange for its performance. Any amounts received in advance are deferred to future periods.

RESOURCES EXPENDED

Expenditure is directly attributable to specific activities and is charged to those cost categories.

FUNDS

Unrestricted funds are built up from incoming resources received or generated for the charitable purpose.

Restricted funds are funds used for specified purposes as laid down by the donor. Expenditure meeting the criteria is charged against the fund, together with a fair allocation of overheads and support costs.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of the asset as follows:

Computer equipment	3 years straight line
Website costs	5 years straight line

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

PENSION COSTS

One employee is a member of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS, is a multi employer defined benefit scheme (treated for accounting purposes as a defined contribution scheme). Contribution rates are determined from time to time by the Government Actuary and advised by the Treasury.

TAXATION

The company is exempt from taxation on its surplus, as the company is a registered charity (approved 25 September 2003).

FOREIGN CURRENCIES

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

2 INCOMING RESOURCES

	2014	2013
	£	£
United Kingdom Income	352,475	358,871
Overseas Income	-	29,198
	352,475	388,069

3 STAFF COSTS AND NUMBERS

	2014	2013
	£	£
Salaries and wages	184,568	213,848
Social security costs	21,153	25,148
Pension costs	23,259	35,512
	228,980	274,508
Analysed as follows:		
Costs of generating funds	-	91,090
Charitable activities	228,980	183,418
	228,980	274,508

The average number of full time equivalent employees was 3 (2013: 3)

Chief Executive	Salary	112,494	146,667
	Pension	23,259	35,512
		135,753	182,179

One employee earned more than £60,000 per annum

Remuneration of higher paid staff

	No.	No.
£70,001 - £80,000	1	-
£180,001 - £190,000	-	1

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR TO 31 JULY 2014

4 NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:	2014 £	2013 £
Depreciation	1,768	545
Auditors remuneration - audit	3,900	3,822
Auditors remuneration - other services	7,000	8,100

Trustees' expenses claimed during the year totalled £3,141 (2013: £2,794), which represented re-imbursed expenses.

Included within Partnership Scheme income is £2,000 from University of Gloucester, an entity of which Sir George Peter Scott is also a director.

5 TANGIBLE FIXED ASSETS

	Computer Equipment £	Website costs £	Total £
Cost			
At 1 August 2013	15,876	-	15,876
Additions	2,244	10,676	12,920
At 31 July 2014	18,120	10,676	28,796
Depreciation			
At 1 August 2013	15,331	-	15,331
Charge for the year	878	890	1,768
At 31 July 2014	16,209	890	17,099
Net book value			
At 31 July 2014	1,911	9,786	11,697
At 31 July 2013	545	-	545

6 DEBTORS

	2014 £	2013 £
Trade debtors	23,154	44,094
Prepayments	2,138	2,138
Other debtors	27,608	2,048
	52,900	48,280

7 CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	-	1,756
Accruals and deferred income	82,999	138,768
Other creditors	6,705	42,722
	89,704	183,246

The deferred income included in creditors above amounts to £72,230 (2013: 130,194). £130,194 (2013: £58,511) of deferred income brought forward was released during the year.

8 CREDITORS: Amounts falling due greater than one year

	2014 £	2013 £
Deferred income	-	6,667

9 COMPANY LIMITED BY GUARANTEE

The company does not have share capital and is limited by guarantee. Each member of the company undertakes to contribute to the assets of the company, in the event of it being wound up such amounts as may be required will not exceed £1.

10 OPERATING LEASE COMMITMENTS

At 31 July 2014 the Institute had the following annual commitments under operating leases

		Land and Buildings
	2014 £	2013 £
Expiry date:		
Less than one year	-	7,300

11 ANALYSIS OF NET ASSETS

	General Funds £	Restricted Funds £	Total £
Tangible Fixed Assets	11,697	-	11,697
Net Current Assets	174,601	-	174,601
Long Term Liabilities	-	-	-
	186,298	-	186,298

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
FOR THE YEAR TO 31 JULY 2014

12 FUNDS MOVEMENT

	Balance at 1 August 2013 £	Incoming Resources £	Resources Expended £	Balance at 31 July 2014 £
General funds	224,019	352,475	(390,196)	186,298
Restricted funds	-	-	-	-
	224,019	352,475	(390,196)	186,298