

**Company Number: 3465914**

**The Council for Industry and Higher  
Education**

**A company limited by Guarantee**

**Report and Financial Statements**

**31 December 2006**

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# **The Council for Industry and Higher Education**

## **Report of the directors**

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# **The Council for Industry and Higher Education**

## **Report and financial statements 2006**

### **Officers and professional advisers**

#### **Directors and Trustees**

Dr Geoffrey Copland  
Mr Richard Greenhalgh  
Sir Rob Margetts CBE FEng  
Sir Tom McKillop  
Mr James Ross  
Professor Eric Thomas  
Professor Dianne Willcocks (appointed 22/02/2006)

#### **Chief Executive**

Mr Richard A Brown

#### **Secretary**

Ms Barbara M Blake (resigned 31/03/2007)  
Mr Richard A Brown (appointed 31/03/2007)

#### **Registered office**

Studio 11  
Tiger House  
Burton Street  
London  
WC1H 9BY

#### **Bankers**

Barclays Bank PLC  
Bedford Square Branch  
27 Soho Square  
London W1A 4WA

CAF Bank Limited  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent ME19 4JQ

#### **Solicitors**

Bates, Wells & Braithwaite  
Scandinavian House  
2-6 Cannon Street  
London EC4M 6YH

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **The Council for Industry and Higher Education**

## **Report of the Trustees (continued)**

The Trustees are pleased to submit their report and accounts for the year ended 31 December 2006

The Charity is registered with the Charity Commission and is a company limited by guarantee governed by its Memorandum and Articles of Association. The Charity registration number is 1066956 and the company registration number is 3465914.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, and Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities, issued March 2005.

### **Structure, Governance & Management**

The Directors of the charitable company (the Charity) are its Trustees for the purposes of charitable law and throughout this report are collectively referred to as the Trustees. As set out in the Articles of Association one third of the Trustees who are subject to retirement by rotation shall retire from office. The Trustees to retire by rotation shall be those who have been longest in office since their last appointment or reappointment. If the Company, at the meeting at which a Trustee retires by rotation, does not fill the vacancy the retiring Trustee shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Trustee is put to the meeting and lost. The Trustees serving during the year and since the year end are given on page 1.

The Charity is administered by a board of up to seven members. The Board meets three times a year.

A Chief Executive is appointed by the Board to manage the day-to-day operation of the Charity.

### **Trustee selection, appointment and competence**

Trustees are selected for appointment from the "members of the Council" by general agreement of the Board of Trustees.

New trustees receive a copy of the Memorandum and Articles of Association, together with recent audited accounts and advice on what is expected of them under charity law, with particular reference to Charity Commission guidance publications.

The Board does not conduct a formal annual review of board members although discussions are held on the approaching retirement of current members.

### **Investment powers**

Under the Memorandum and Articles of Association, the Charity has the power to make any investments which the Trustees see fit.

### **Subsidiary Trusts**

There are no subsidiary trusts.

# **The Council for Industry and Higher Education**

## **Report of the Trustees (continued)**

### **Our Aims**

The Council for Industry and Higher Education (CIHE) is a unique high-level partnership of leaders from businesses, universities and colleges. Our aim is

*"To foster close working and understanding between business and higher education so that world class learning and research can improve the international competitiveness of both sectors and the capabilities of graduates and those already in the workforce."*

Hence we

- develop an agreed agenda on the learning issues that affect the UK's global competitiveness, social cohesion and individual development,
- commission research so that policy can be better based on evidence,
- debate our agenda and research with the Government and its Agencies; and
- work with them and others to effect change

We aim for our policy papers to be strategic, rigorous and accessible. While we want to lead thinking, we also want to work with others to put that thinking into practice for the benefit of businesses, universities, colleges, learners and the wider society.

### **Our Values**

- We adopt a partnership approach in everything we do and respect the often appropriately different drivers of businesses and academia
- We focus on where that partnership approach can add particular value.
- We argue our case with integrity and commission impartial quality research
- We constantly review our work and approach to uphold the political neutrality of the Council and its independence from any interest group
- We believe in inclusiveness and in being outward-looking and drawing on international experience
- We seek to secure the close involvement and commitment of all our members

### **Our Key Themes and Actions**

The Board has determined that our activities should be focused on the following four themes

#### **1. Promoting international competitiveness**

Higher education underpins the creation of wealth and the development of a more equitable, just and caring society. It is at the heart of a high value and knowledge based economy and should be valued by all and properly funded. High quality research, knowledge transfer, teaching and learning and networking with local communities can only be achieved with additional resources. The State alone cannot afford to sustain a world-class system of higher education. Increased funding has to come from all who benefit: society via general Government taxation, graduates from their enhanced earnings, and external organisations, including businesses, through their paying the full costs of the products and services they use.

We want to encourage the evolution of UK higher education so it is both diverse and world-class. Hence we consider that all organisations should focus on what they do best. That implies institutional and mission diversity reflecting the wide range of customer and client needs. We consider that diversity accompanied by co-operation and collaboration can raise effectiveness and efficiency and the quality of the student

# **The Council for Industry and Higher Education**

## **Report of the Trustees (continued)**

experience and the research and other activities that universities and colleges undertake

Hence we

- have highlighted the views of a range of multinational businesses on how UK higher education can support the international competitiveness of UK based businesses, our report *International Competitiveness. Businesses working with UK Universities* refers; we held high profile launches in London, Edinburgh and Manchester; the report is widely quoted across Government and in academia,
- have commenced a review of the issues universities face as they internationalise their student body, staff, curriculum and the experiences they offer students from a range of cultures,
- will continue to argue for increased state funding and a more diverse funding base, our early submission to the Government's Comprehensive Spending Review refers (on our website)

### **2. Press for appropriate expansion in workforce skills**

The UK needs more educated people of all ages in all walks of life to meet skill gaps, shortages and latent skill gaps. The expansion of higher education should enable the UK to increase its productivity and international competitiveness. Learning at higher levels should be available to those in work, recognise what has been learned in the workplace and increasingly be accredited against national learning frameworks. It should encourage and enable progression and be based on credits so learning can be built on and acquired and delivered at times and places that suit individuals. Employers can work closer with HE and FE providers to develop their workforces and the curriculum

Hence we

- want to see businesses and higher education institutions working closer together to develop the capabilities of those in work, our consultation and report on *Work based Learning* refers and we continue to work with the DfES and HEFCE on this agenda, and
- support research which takes a comparative perspective across the UK on meeting learning needs, so that greater understanding can be gained from the different systems emerging in Scotland, Wales and England, our project on sub-degree provision across the UK refers

### **3. Encourage employability and enterprise**

Universities and colleges want their graduates to be employable and to have life-long employability skills. However, our report *International Competitiveness* noted that information on what businesses seek in graduates is not always adequately conveyed, understood or influencing the curriculum. There remains a particular issue on the supply of Science, Technology, Engineering, Maths (STEM) graduates. Businesses can do more via work placements and closer engagement in the delivery of the curriculum to improve awareness of what is needed and conveys the attractions of a broader range of sectors and job opportunities.

The UK needs more enterprising graduates who have the capacity to be entrepreneurial. More research is needed on what is currently happening, what works, what international good practice exists and what overall lessons can be learned from the wide range of current initiatives.

# **The Council for Industry and Higher Education**

## **Report of the Trustees (continued)**

Hence we

- produced with the Higher Education Academy and have widely disseminated *Degrees of Skill* which describes the employability characteristics that specific disciplines develop in their graduates
- are finalising a review with others on the adequacy of current actions to address STEM shortages
- have produced with the NCGE, *Enterprise Insight* and others in the UK and with organisations in the USA, Asia and South Africa reports that identify good HE practice in developing enterprising graduates and *Oxford Entrepreneurs* which captures the views of Sir Douglas Hague on the process of developing high-tech businesses around Oxford University

### **4. Encourage an improved dialogue on R&D and knowledge transfer**

The Government's Science and Innovation Framework 2004-2014 suggests the UK lags behind our main competitors on R&D expenditure and sets challenging targets. However, as we noted in *International Competitiveness: an Interim Report*, R&D intensity is related to the business structure of an economy. Much R&D also goes unrecorded. We need to understand more about the role of various forms of research in wealth creation across the economy.

We consider that knowledge transfer has to be output (and ideally outcome) focused with an appropriate linked range of metrics for formula funding. We will work with the Universities UK Group and with the DTI/OSI on these evolving metrics.

Hence we

- responded on the consultation on the future of the RAE (on our website). We consider that the RAE should value all forms of excellent research, reflect business views and encourage multidisciplinary research,
- continue to work via our R&D Group with OSI, HEFCE and Universities UK on Higher Education Innovation Fund (HEIF) metrics; and
- will undertake an international analysis on value chains and economic impact.

*We spend less effort but still keep an involvement with the following areas*

### **5. Encourage the development and application of leadership and values**

Higher and further education institutions are complex businesses. Many of the issues they face (including on governance and ethics) are similar to those faced by other organisations. A greater sharing of experience and knowledge on good practice on what works benefits all parties. Businesses need senior staffs that have developed appropriate leadership qualities. The performance of the UK suffers because of leadership and management weaknesses. Higher education can help develop a broad range of capabilities and business awareness in their graduates and equip them to lead, businesses can help in this process.

Hence we

- supported the Leadership Foundation for HE's national mentoring/partnering scheme for senior business people and academics, and
- undertook another consultation at St George's House, Windsor this year on *Balancing Enterprise and Risk*.

# **The Council for Industry and Higher Education**

## **Report of the Trustees (continued)**

### **6. Support a widening of participation in higher education**

On grounds of equity, social cohesion and economic performance we believe that the UK must help everyone to aspire and realise their potential. We appreciate and have articulated the business benefits of diversity.

Hence we

- support funding premia for institutions engaging students from non-traditional backgrounds and raising their aspirations
- support a closer alignment of the funding packages for part-time and full-time students, and
- want employers to show by their recruitment policies and practices that they value such graduates, we continue to press the arguments in our report *Fishing for Talent in a Wider Pool*

### **Networks and relationships**

The Council is composed of leading people from a wide range of private sector businesses, universities and colleges. Our aim is that they should be representative of the broad spectrum of both business and academia (though the small business sector will inevitably be under represented).

A Policy Forum mostly of HR/Personnel Department experts from our member companies helps inform our work and evolve our policies. It also enables our members to exchange ideas and be brought up to date on Government and other relevant thinking and developments.

We work with other key organisations such as the CBI, Association of Graduate Recruiters, Universities UK, Guild HE, Council of University Chairs, "think tanks", and Government Departments and agencies.

The full-time executive team will remain small and be augmented by part-time specialists and research and other assistance when appropriate including from our members. We are increasing our ability to network at a senior level with our members, Government Departments and other organisations.

Our web-site [www.cihe-uk.com](http://www.cihe-uk.com) remains an important channel of communication and information to businesses, academics and policy makers in the UK and overseas.

We have close and valued relationships with our USA sister organisation, the Business-Higher Education Forum, and attend their meetings and have contacts with similar organisations in Japan and Australia.

The authority and influence of the Chantry derive from the support and involvement of all Council members, their representatives and other invited experts on our Policy Forum. Their insights add tremendous value to our work.

We would also like to thank the executive team for their continued dedication and effectiveness over the past year. Our Company Secretary Barbara Blake will leave us at the end of March 2007 after some 20 years with the Council. Her commitment and sound advice over such a long period have been invaluable.

### **Achievement and performance**

Our reports and submissions have been widely welcomed including by the Government and its agencies which continue to seek our views, be involved in our groups and invite our participation in a range of discussions and groups that they have established. We continue to influence their policies and the actions and attitudes of universities and businesses. Our Council meetings have been well attended and we have held a couple



# **The Council for Industry and Higher Education**

## **Report of the Trustees (continued)**

of informal lunch/dinner discussions with them at which issues can be developed in more depth. We continue to report regularly to our members and seek their views on our priorities.

We are reviewing our aims and future priorities with our members as part of a longer forward look. We are also considering how best to engage them still closer including through a more regular programme of lunch discussions and working groups. We will also set clearer performance measures so we can report regularly on our achievements. The successes and achievements of the Council as well as our evidence-based reports and policies could be more widely disseminated.

### **Fundraising activities**

We virtually achieved the budget we had set in terms of members' contributions and also recovered an increasing amount of our central costs on the projects we have undertaken. We will as a matter of policy charge an element of central costs wherever appropriate and will increase the amount of funded projects that we undertake.

Factors outside of the control of the charity may impact on our ability to achieve the objectives set. For instance a funding company might be acquired or the current member may retire and the new person may be less interested in our agenda. We seek to minimise the risk through securing generally three year funding commitments from our member companies. Our Trustees can help us attract other members who also care about the UK having a world-class system of higher education that meets the needs of businesses and students.

### **Financial Review and Results**

The year saw a sound financial result before one-off costs. Donations were similar to the previous year and project income and expenditure was considerably higher than anticipated reflecting increased research and publishing activity in the period. There was income to support this activity from various organisations (including the Government and funding councils). Funding commitments from member organisations for 2007 are reassuringly good although, as always, further commitments are needed and are being sought.

The financial position of the charity is summarised in the Statements of Financial Activities and Balance Sheet set out on pages 12 and 13. Total incoming resources on the Statement of Financial Activities for the year amounted to £410,225 (2005: £456,103) less totals outgoing resources of £430,361 (2005: £464,903) which resulted in reserves carried forward falling to £217,906 (2005: £238,042) after an agreed one-off redundancy settlement of £56,950 at 31 December 2006.

### **Investment Policy**

Our policy is to invest the majority of our funds with the CAF Bank which provides both security and flexibility of access. We have no other investments.

### **Funding Sources**

The major element of our funding comes from the annual donations that our supporting companies and other organisations make to our charity. In addition we recover some of our overheads and costs on the projects we undertake. We have some income from the publications we sell and earn interest on the funds we have on deposit notably at the CAF bank. We aim to increase considerably both the amount of project income and the resulting contribution to overheads in the future both in absolute terms and as a proportion of total income.

### **Reserves Policy**

Trustees are conscious of their responsibility to ensure that CIHE remains on a sound financial grounding and are aware of the growing pressure on business to make hard

# **The Council for Industry and Higher Education**

## **Report of the Trustees (continued)**

decisions on where they place financial support for educational initiatives. They have agreed a desired level of free reserves (that is those funds not tied up in fixed assets, and designated and restricted funds) of £250,000 which considerably exceeds closure costs. The aim is to rebuild reserves to this level as soon as possible over the next two years.

### **Risk Management**

The major risks facing the charity are

- failing to meet the expectations of members (e.g. through not addressing the major issues or being taken seriously by Government) and hence their withdrawing their involvement and financial support. *We aim to mitigate this through undertaking work that is at the forefront of thinking, influencing policy and practice through the power of partnership and in other ways ensuring that the Council is seen to be performing a highly valued role that commands attention and respect. We have recruited a Deputy-CEO to augment our policy making and networking capabilities.*
- failing to attract new members from a suitable range of major organisations when existing members retire or move on. *We aim to mitigate this through the quality of our policy proposals and the analysis that underpins these so that we earn the respect of external organisations who thereby want to be part of our unique partnership;*
- trying to cover too broad a range of activities either to satisfy members or respond to external invitations. *We have set clear priorities and keep these under regular review to ensure they reflect current major policy areas where CIHE can add special value and insights,*
- failure of our IT systems, serious loss of data with financial and operational implications. *We mitigate this through regular back-up of our systems and through our accountant having data off-site, the CEO's PA has increased our IT capabilities and we will upgrade our IT systems including through off-site back-up, and*
- illness or lack of motivation of the core team undermines our effectiveness and team working. *Our small core team has been chosen partly because of their capacity to work together, be flexible and be committed to the cause that we espouse. Our CEO has increased support from our professional accountant and will be supported by a new Deputy from the spring of 2007.*

### **Trustees' responsibilities in relation to the financial statements**

United Kingdom 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 at the end of the financial year and of its surplus or deficit for the Charity for the period. In doing so the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- 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 maintaining proper 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 Companies Act 1985. The trustees are also responsible for the system of internal control, for safeguarding the

## **The Council for Industry and Higher Education**

### **Report of the Trustees (continued)**

assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In accordance with Company Law, as the company's directors, we certify that

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of the information

#### **Auditors**

A resolution will be proposed at the Annual General Meeting that Deloitte & Touche LLP be re-appointed as auditors to the Charity for the ensuing year

By order of the Trustees



Mr Richard Greenhalgh, Chair of Trustees

2007

## **Independent auditors' report to the members of The Council for Industry and Higher Education**

We have audited the financial statements of The Council For Industry and Higher Education for the year ended 31 December 2006 which comprise the statement of financial activities, the balance sheet and the related notes 1 to 14, which have been prepared under the accounting policies set out therein

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

### **Respective responsibilities of directors and auditors**

As described in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the Charity for the purposes of company law, are responsible for the preparation of the financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report on the consistency of the Trustees' report with the financial statements, if the Charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Trustees' remuneration and transactions with the company is not disclosed.

We read the Trustees' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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.

# **Independent auditors' report to the members of The Council for Industry and Higher Education**

(..... continued)

## **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 affairs of the charitable company as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985; and
- the Trustee's report is consistent with the financial statements

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

*May* 2007

# The Council for Industry and Higher Education

## Statement of Financial Activities Year ended 31 December 2006

	Note	Unrestricted funds £	Restricted income funds £	Total funds 2006 £	Total Funds 2005 £
<b>Incoming resources</b>					
Donations and gifts	2	279,500	-	279,500	258,800
Grants for specific initiatives		-	94,522	94,522	175,021
Sales of publications		2,671	-	2,671	2,729
Overheads recovered and other income		23,467	-	23,467	10,650
Bank and other interest receivable		10,065	-	10,065	8,903
<b>Total incoming resources</b>		<b>315,703</b>	<b>94,522</b>	<b>410,225</b>	<b>456,103</b>
<b>Resources expended</b>					
Direct charitable expenditure	3	(282,620)	(86,892)	(369,512)	(404,752)
Other expenditure					
Fundraising and publicity	4	(21,285)	-	(21,285)	(20,694)
Management and administration	5	(39,564)	-	(39,564)	(39,457)
<b>Total resources expended</b>		<b>(343,469)</b>	<b>(86,892)</b>	<b>(430,361)</b>	<b>(464,903)</b>
<b>Net (outgoing)/incoming resources for the year</b>		<b>(27,766)</b>	<b>7,630</b>	<b>(20,136)</b>	<b>(8,800)</b>
<b>Total funds brought forward at 1 January</b>		<b>226,936</b>	<b>11,106</b>	<b>238,042</b>	<b>246,842</b>
<b>Total funds carried forward at 31 December</b>	11	<b>199,170</b>	<b>18,736</b>	<b>217,906</b>	<b>238,042</b>

All amounts derive from continuing operations

There are no gains or losses in the current or prior year other than those recorded in the Statement of Financial Activities above. Accordingly a separate Summary Income and Expenditure Account has not been presented.

# The Council for Industry and Higher Education

## Balance Sheet 31 December 2006

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Tangible fixed assets for use by the charity	7	4,270	5,425
<b>Current assets</b>			
Debtors	8	35,982	85,742
Cash at bank and in hand	9	261,277	214,197
		297,259	299,939
<b>Creditors: amounts falling due within one year</b>	10	(83,623)	(67,322)
<b>Net current assets</b>		213,636	232,617
<b>Total assets less current liabilities</b>		217,906	238,042
<b>Funds</b>			
Restricted income funds	11	18,736	11,106
Unrestricted funds	11	199,170	226,936
		217,906	238,042

These financial statements were approved by the Trustees on 2007 and signed on their behalf

  
Mr Richard Greenhalgh  
Trustee

# **The Council for Industry and Higher Education**

## **Notes to the accounts**

**Year ended 31 December 2006**

### **1. Accounting policies**

The financial statements are prepared in accordance with the 2005 Statement of Recommended Practice "Accounting by Charities" and applicable United Kingdom law and accounting standards. The particular accounting policies adopted have been applied consistently throughout the current and preceding year, as described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Fund accounting**

##### *Restricted income funds*

Restricted income funds represent grants and donations receivable for the year which are allocated by the donor for a specific purpose.

##### *Unrestricted funds*

Unrestricted funds represents income which is expendable at the discretion of the trustees in the furtherance of the objectives of the charity.

#### **Incoming resources**

All income is recognised in the Statement of Financial Activities when the conditions of receipt have been met and there is reasonable assurance of receipt. Where a claim for repayment of income tax has or will be made, such income is grossed up for the tax recoverable. The following accounting policies are applied to income.

##### *Donations*

Donations are accounted for gross and on a receivable basis, the related fundraising costs are reported in Other expenditure. Fundraising and publicity.

##### *Grants for specific initiatives*

Grants for specific initiatives are restricted fund grants. They are recognised in the Statement of Financial Activities when the conditions for receipt have been complied with.

##### *Gifts in kind and donated goods*

Assets and services given for use by the charity are recognised as incoming resources at their estimated market value when receivable. Gifts of fixed assets for charity use are accounted for as restricted funds and are included in the balance sheet at the value at which the gift was included in incoming resources.

##### *Sales of publications and conference fees*

Sales of publications and conference fees are accounted for gross and on a receivable basis. Related costs are reported in support costs.

##### *Bank interest*

Bank interest is accounted for on a receivable basis.



# **The Council for Industry and Higher Education**

## **Notes to the accounts**

**Year ended 31 December 2006**

### **1. Accounting policies (continued)**

#### **Direct charitable expenditure**

Direct charitable expenditure includes all expenditure directly related to the objects of the charity and comprises the following

##### *Grants payable*

Grants payable are accounted for when the trustees have accepted a legal or moral obligation to make the grant

##### *Research projects*

Research projects comprise the costs of research projects undertaken by or on behalf of the charity on an accruals basis

##### *Support costs*

Support costs represent the staffing and associated costs of supporting, monitoring and evaluating the research projects of the charity and are accounted for on an accruals basis

#### **Other expenditure**

Other expenditure is analysed under the following two sub-headings

##### *Fundraising and publicity*

Fundraising and publicity costs relate to expenditure incurred in motivating supporters to donate to the work of the charity and consist principally of a proportion of salary costs accounted for on an accruals basis

##### *Management and administration*

Management and administration costs relate to expenditure incurred in the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements accounted for on an accruals basis

#### **Basis and allocation of costs**

Salaries have been allocated in proportion to the amount of time spent on activities directly relating to the objects of the charity, on fundraising and publicity and on management and administration. Fundraising and publicity reflects a proportion of the direct salary costs of the Director and Secretary to the Council expended on this activity. There are no other significant costs. Management and administration reflect a proportion of direct salary costs expended on these activities and costs directly related to compliance with statutory requirements.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or estimated market value on receipt if donated, less depreciation. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows.

Office equipment	25% of cost per annum
Computer equipment	50% of cost per annum

#### **Cashflow statement**

The Charity is defined as a small company for the purposes of sections 246 and 247 of the Companies Act 1985 and has taken advantage of the exemption from preparing a cashflow statement.

# The Council for Industry and Higher Education

## Notes to the accounts

Year ended 31 December 2006

### 1. Accounting policies (continued)

#### Pension costs

There is no group pension scheme in operation. The group makes contributions to employees for them to invest in personal pension schemes.

#### Leases

Rental costs under operating leases are charged to support costs in equal amounts over the periods of the leases.

### 2. Donations and gifts

Donations include gifts in kind valued by the trustees at £9,000 (2005: £8,000). These comprise donated audit services of £9,000 (2005: £8,000).

### 3. Direct charitable expenditure

	Unrestricted funds	Restricted funds	Total 2006	Total 2005
	£	£	£	£
Research projects	21,121	85,235	106,356	211,032
Support costs	261,499	1,657	263,156	193,720
	<u>282,620</u>	<u>86,892</u>	<u>369,512</u>	<u>404,752</u>
Support costs comprise				
Payroll and consultancy costs	188,608	1,657	190,265	129,113
Rent and office costs	39,571	-	39,571	36,844
Travel and hospitality	5,165	-	5,165	2,161
Rental costs under operating leases	1,526	-	1,526	1,880
Other costs	26,629	-	26,629	23,722
	<u>261,499</u>	<u>1,657</u>	<u>263,156</u>	<u>193,720</u>

### 4. Fundraising and publicity

	2006	2005
	£	£
Staff costs	<u>21,285</u>	<u>20,694</u>

All fundraising and publicity costs relate to unrestricted funds.

### 5. Management and administration

	2006	2005
	£	£
Staff costs	30,564	31,457
Donated audit costs	9,000	8,000
	<u>39,564</u>	<u>39,457</u>

All management and administration costs relate to unrestricted funds.

# The Council for Industry and Higher Education

## Notes to the accounts

### Year ended 31 December 2006

#### 6. Information regarding employees and trustees

	2006 No.	2005 No.
<b>Average number of persons employed (excluding trustees)</b>		
Project delivery	3	3
	<u>£</u>	<u>£</u>
<b>Staff costs during the year</b>		
Wages and salaries	166,583	163,235
Social security costs	18,581	18,029
Redundancy costs	56,950	-
	<u>242,114</u>	<u>181,264</u>

The number of employees paid over £50,000 during the year (salary plus taxable benefits) was

	2006 No.	2005 No.
£80,001 - £100,000	1	1

No trustee, or person related or connected by business to them, has received any remuneration from the charity during the year. The total expenses reimbursed to trustees amounted to £nil (2005 £nil)

#### 7. Tangible fixed assets for use by the charity

	Fixtures, fittings and equipment £
<b>Cost</b>	
At 1 January 2006	15,072
Additions	2,182
Disposals	(548)
At 31 December 2006	<u>16,706</u>
<b>Accumulated depreciation</b>	
At 1 January 2006	9,647
Charge for year	3,337
Disposals	(548)
At 31 December 2006	<u>12,436</u>
<b>Net book value</b>	
At 31 December 2006	<u>4,270</u>
At 31 December 2005	<u>5,425</u>

All tangible fixed assets for use by the charity relate to unrestricted funds

# The Council for Industry and Higher Education

## Notes to the accounts

Year ended 31 December 2006

### 8. Debtors

	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Donations receivable	18,220	8,250	26,470	76,300
Other debtors	-	-	-	713
Prepayments	9,512	-	9,512	8,729
	<u>27,732</u>	<u>8,250</u>	<u>35,982</u>	<u>85,742</u>

### 9. Cash at bank and in hand

	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Cash at bank and in hand	<u>248,091</u>	<u>13,186</u>	<u>261,277</u>	<u>214,197</u>

### 10. Creditors: amounts falling due within one year

	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Accruals and deferred income	<u>80,923</u>	<u>2,700</u>	<u>83,623</u>	<u>67,322</u>

### 11. Movements in funds

	Balance 1 January 2006 £	Incoming resources £	Resources expended £	Balance 31 December 2006 £
<b>Restricted funds</b>				
Research projects	-	10,000	(8,340)	1,660
Work Force Development	-	847	(1,879)	-
Developing Guide for Ethics	1,032	28,000	(25,257)	-
Ethics HE more than a degree	(2,743)	-	(458)	-
International Competitiveness	458	32,125	(19,090)	13,035
International Higher Education	-	3,400	(7,670)	3,241
Ethics Phase 2	7,511	5,000	(9,848)	-
Students Employability	4,848	5,150	(5,150)	-
Oxford Entrepreneur	-	10,000	(9,200)	800
STEM	-			
	<u>11,106</u>	<u>94,522</u>	<u>(86,892)</u>	<u>18,736</u>

# The Council for Industry and Higher Education

## Notes to the accounts

Year ended 31 December 2006

### 11. Movements in funds (continued)

	Balance 1 January 2006 £	Incoming resources £	Resources expended £	Balance 31 December 2006 £
Unrestricted funds	226,936	315,703	(343,469)	199,170

### 12. Taxation

The Council for Industry and Higher Education is not liable to corporation tax on its income and gains in the current year to the extent that they are applied for charitable purposes

### 13. Guarantee

The charity is limited by guarantee and has five members. The members have agreed to contribute £1 to the assets of the charity in the event of it being wound up.

### 14. Operating lease commitment

As at 31 December 2006, the charity was committed to making the following payments in respect of operating leases during the next year:

Leases that expire	2006 £	2005 £
Within one year	1,526	1,880
Within two to five years	797	940