



THE INTELLECTUAL PROPERTY INSTITUTE
(A company limited by guarantee)

REPORT AND ACCOUNTS

31 March 2012

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Company No.1557489

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Status

The organisation is a charitable company limited by guarantee, incorporated on 22 April 1981 and registered as a charity on 30 September 1981

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. Under those Articles, one third of the governors (those longest in office since their last election or appointment) retire from office - and are eligible for re-election - at each AGM

Governors

Ms Alison Brimelow CBE, Chair
Dr Mike Barlow OBE
Mr Henry Carr QC
Mr Peter Lawrence (appointed 05/12/11)
Mr Roger Burt (appointed 05/12/11)
Mr Graeme Baxter Dinwoodie (appointed 05/12/11)
Dr Stephen Smith (resigned 05/12/11)
Professor David Vaver (resigned 07/12/11)
Mrs Paula Nelson (resigned 26/03/12)

Registered office

67-69 Lincoln's Inn Fields
London WC2A 3JB

Independent examiner

Richard Hewson
Chartered Accountant
21 Corner Green
London SE3 9JJ

Solicitors

Denton Wilde Sapte LLP
One Fleet Place
London
EC4M 7WS

Charity Registration Number

283150

The governors present their report and the financial statements for the year ended 31 March 2012

CHAIR'S STATEMENT

2011/2012 was a year when the financial benefits of the IPI's collaboration with Queen Mary finally started to come through and as of the end of this reporting period the Institute looked to be on track to rebuild the level of cash surplus which the Trustees' felt were necessary for prudently managing its affairs. This has in part been due to the efforts of Council and the IPI executive in organising several thought-provoking events and taking forward our projects with Teles, the IPO and latterly with Microsoft. Particular thanks go to Johanna, Sarah and latterly Craig for their efforts in this respect.

Given the above, over the summer I instigated a wide-ranging Trustee review of the Institute's forward strategy and governance with external input. This was in particular driven by the recognition that the end of the first collaboration period with Queen Mary was going to occur imminently in March 2013. In doing so, it became abundantly clear that, absent a significant broadening of the corporate, as opposed to individual, membership base and a significant general increase in membership fees, the IPI was never likely to be financially viable as an independent organisation. All of this was against an economic backdrop where even the largest companies and law firms are under pressure to cut costs and where access to research funding is becoming more competitive. A case in point was the recently awarded funding for the UK Copyright Centre, where the unsuccessful consortium led by the Institute found itself up against some very stiff competition indeed.

Things however came to a head in September 2012 when Queen Mary notified the Trustees of their intention not to renew the collaboration. In the light of this, and having informally sounded out a number of people likely to be directly affected, the Trustees reluctantly came to the conclusion that, rather than facing another two or three years of financial uncertainty and possibly strategic stasis, the better course of action would be to move to wind the Institute up. Certainly there was little appetite among board members to oversee a body which could only face an uncertain future. At the AGM we will therefore be proposing to the membership that the Trustees be authorised to proceed to winding up in an orderly fashion which as far as possible respects the reputation of the Institute, its commitments and the sterling efforts and achievements of my predecessors.

I know that for many of you this recommendation will be a major disappointment. Indeed it is for all the Trustees. But I have drawn comfort from the fact that a number of people have observed that, in a sense, the Institute has run its course and done the job it was originally set up to do. The research world of 2012 is very different from that of the 1980s when the outlook of academia was much more parochial and discipline focused. Today, cross-cutting research carried out by consortia of world-class universities is now the norm and arguably no longer needs to be fostered by us.

All the trustees hope that we can rely on members' support and understanding for this very difficult decision.

Alison Brimelow November 2012

Objectives and principal activities of the charity

The charity's objectives and its principal activities continue to be to promote a greater understanding of education in and research into all legal, social, economic and other matters relating to or connected with the creation, protection, use and exploitation of intellectual property rights throughout the world. The Intellectual Property Institute does this by liaising with its membership and externally to generate a timely and authoritative package of objective research, the results of which are published usually through our own publications. Research findings are also used to inform decision-making bodies in the UK, the EU and overseas. The IP Institute has strong links with related research establishments.

Ensuring our work meets our objectives and delivers public benefit

We have kept in mind the Charity Commission's general guidance on public benefit at our governors' meetings throughout the year, when we review our activities, consider their outcomes and plan future activities. Our meetings also help us to ensure that our activities remain focused on our objectives. The Institute continues to provide public policy makers with independent, authoritative information and advice across all areas of intellectual property law, practice and regulation. Our research and events programmes have informed students, businesses, legal practitioners, government and those from outside the specialised IP arena.

DIRECTOR'S REVIEW

Report on activities for the year ended 31 March 2012

2011-12 has presented the IPI with significant challenges, not least of which is the increasing competition from university institutes that have arisen to populate the space once pioneered by the IPI over 30 years ago. This has necessitated serious consideration of the relevance of the IPI as a membership-based research organisation and has prompted important strategic questions and the consideration of possible new direction and diversification.

The collaboration with the Queen Mary Intellectual Property Research Institute has provided the IPI with significant input in basic resources and running costs, as well as access to extended research programmes and funding. However, it is unclear whether the IPI would be able to continue to grow in order to ensure its independence from Queen Mary and impact as a research institute independent of any particular academic institution.

2011-12 – Research Strategy

Website

The website was completely redesigned and relaunched 24 December 2011. As well as full profile pages and other conventional information, the new design provides for news items, share functionality, members' area and profile pages, events listings and bookings, publications and shopping baskets.

DIRECTOR'S REVIEW continued

Research Projects

TELES Patent Project

Dr Matt Fisher (UCL) and two researchers were appointed to fulfil the report writing, analysis of prior art and case reports required for the IPI group (which acted as the second, peer-review group for the primary GB group, headed by QMIPRI). Dr Fisher was forced to withdraw due to personal reasons and the final stages of the group were managed by Professor Gibson.

Microsoft – Innovation and Strategy

The Microsoft-IPI Lecturer in IP, Innovation and Strategy, Dr Gaetano Dimita, was appointed and commenced April 2012 and reports jointly to the Director of IPI and the Director of CCLS. Since the appointment of Dr Dimita the IPI has established, in collaboration with CCLS, a series of Innovation and Strategy Research Cafes, an Innovation and Strategy student reading group, developed and received approval for two postgraduate courses (IP, Innovation and Strategy, and Interactive Entertainment Law). These will proceed through the required quality assurance procedures in March 2013. Research projects have been commenced (with support from LLM and PhD research assistants) including

- From Products to Services: an Analysis of Films and Music Streaming Business Models
- Trouble in Paradise: Cloud Services and Copyright Third Parties Liability Theories

In addition to academic conferences and other expert meetings, Dr Dimita has also made media appearances in support of the project, including

- Interview by the radio station 'The Voice of Russia' on Apple and Samsung
- Interview by Ars Technica on file sharing copyright liabilities in the US

Intellectual Property Office – The Economic Impact of Lookalikes

The research has been completed and the final draft of the important Lookalikes report has been submitted with final publication anticipated before the end 2012.

Research Centre for Copyright and New Business Models in the Digital Age

This was a collaborative venture supported by the AHRC, EPSRC and ESRC in collaboration with the IPO, NESTA and TSB for core funding of £5M for 4 years. The IPI acted as lead (in addition to the collaboration from QM) for a large consortium bid, in core partnership with Oxford University, Lancaster University (Work Foundation, Big Innovation Centre), University of Leeds, Cass Business School (City University), Tate, British Library, and the Victoria & Albert Museum, as well as approximately 70 associate partners (industry, academic, and public sector). The IPI was short-listed and a panel interviewed 29 February 2012 (including representatives from Tate, Cass, Microsoft, led by the Director). Unfortunately, although we presented a very strong and compelling bid, with industry buy-in, we were ultimately unsuccessful and the bid was awarded to a consortium led by Glasgow.

DIRECTOR'S REVIEW continued

Internship Programme

The IPI Internship Programme commenced March 2011. The programme has become extremely successful and competitive, with applications from all over the world including North America and throughout Europe. Interns work on research programmes and events, as well as contributing to social media outputs and news items. Outputs from the interns are reviewed internally and then will be made available on the re-launched website. Resources for the interns including computing facilities and research materials are provided by Queen Mary.

Student Observer Programme

1-2 Student Observers for each of the 9 research streams were appointed in December 2011. Observers provide support to stream leaders as well as contribute news items to the website.

Events Summary 2011/12

- **Beyond Copyright – 8 April 2011**
 - Collaboration with AHRC
 - Invitation roundtable
- **Students' Reception – 12 April 2011**
 - Invitation to law schools throughout London, Oxford, Cambridge
- **Xi-an province, China – delegation to IPI – 9 September 2011**
- **Expert Roundtables** (Invitation-only expert roundtables conducted under Chatham House rules)
 - **Policy Impact: The Legal Profession and Developments in the UK – 22 September 2011**
 - Sponsored by and in collaboration with Kilburn & Strobe
 - Recorded by an expert rapporteur and report presented to and discussed by the Expert Advisory Groups to the IPO
 - **Design Reform – 10 October 2011**
 - Sponsored by and in collaboration with Baker & McKenzie
- **BLACA/IPI Seminar – 15 October 2011**

DIRECTOR'S REVIEW continued

Events Summary 2011/12 continued

- **Politics of IP Series**
 - 13 October – Design Reform
 - 15 November – A Hargreaves Encounter
 - 1 December – Privacy and Enforcement
- **Stephen Stewart 2011 – 17 November 2011 – Antony Taubman (WTO) - Sponsored and hosted by Slaughter & May**
- **Copyright “Town Hall” Industry Consultation Meetings**
 - 14th December, 10th January – Baker & McKenzie LLP
- **Policy Workshop (Chair, Johanna Gibson)**
 - 20th January – Good Evidence for Policy – Tony Clayton (Chief Economist, IPO), Ben Mitra-Kahn (Economist, IPO), Nick Munn (Deputy Director Copyright, IPO) [*Speakers*], Matthew Bennett (OFT), Hasan Bakshi (NESTA), Thomas Hoehn (Imperial) [*Panel*]
- **Members' Lunch – 20 February 2012**
- **Research Colloquia (Creative Industries (6 meetings); Innovation (2 meetings)) – launched April 2012 (continued through to July 2012)**

Performance for the Year

The fundamental research work of the Institute has been strengthened in 2011-12 with new research partnerships and development. However, the pressure of the economic climate as well as the increasing complexity of the relationship between the university host and the IPI (as an independent institute) have presented significant strategic and branding challenges for both.

While the IPI maintained its commitment to high quality research and seminars in 2011-12 and has worked towards expanding its network of research partners (including international and industry partners), membership levels have been difficult to maintain and have not been possible to expand, largely due to the financial constraints being experienced across the public and private sector.

The IPI has maintained steady work towards expanding its contribution to policy development in the UK, Europe and internationally. In doing so we have met the challenges of increasing research funding income in order to expand and diversify research activity. Although it was not successful, the consortium led by the IPI towards the AHRC Copyright Centre was an important example of a hugely expanded research partnership and network for the IPI. This important goodwill generated by such research endeavours has been met and enhanced by the ongoing commitment, enthusiasm, and intellectual input from the IPI Council, which has continued to be a considerable resource for the IPI and important support to the Director in shaping research strategy and direction.

Professor Johanna Gibson (Director)

Financial Review and Intended Cessation of Activities

The statement of financial activities shows a deficit for the year of £16,072 (as against a surplus of £61,529 in the year ended 31 March 2011). This fall is mainly explained by reduced subscriptions.

The governors have decided that the company's activities should cease on or around 31 March 2013. The financial statements have not, therefore, been prepared on the going concern basis and adjustments have been made where appropriate to write down the company's assets to net realisable value.

Reserves Policy

The governors recognise the need to maintain an appropriate level of reserve financial resource, with a minimum level equivalent to 3 months' operations (currently £17,000, excluding funded research). At the year end, 31 March 2012, the Institute's unrestricted reserves were £26,165.

Governors and Trustees

The governors, who are also trustees of the charity, are members of the Executive Committee and all work on a voluntary basis. The names of the governors are listed on page 1.

Governors' Responsibilities

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of the charitable company's affairs at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements the governors should follow best practice and

- 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 company will continue on that basis.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Independent examiner

Richard Hewson FCA has indicated that he is willing to be reappointed at the forthcoming AGM.

This report has been prepared in accordance with the special provisions for small companies within Part 15 of the Companies Act 2006.

By Order of the Board,

X 

Alison Brimelow, Chair
20 November 2012

I report on the financial statements of the company for the year ended 31 March 2012 set out on pages 9 to 15

Respective responsibilities of trustees and examiner

The company's trustees (who are also the company's directors - or 'governors' - for the purposes of company law) are responsible for the preparation of the financial statements. The trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 ('the 1993 Act') and that an independent examination is needed. I am qualified to undertake the examination by being a member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to

- examine the financial statements under section 43 of the 1993 Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 43(7)(b) of the 1993 Act, and
- to state whether particular matters have come to my attention

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as governors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and my report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention

(1) which gives me reasonable cause to believe that in any material respect the requirements

- to keep accounting records in accordance with section 386 of the Companies Act 2006, and
- to prepare financial statements which accord with the accounting records, and which comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charities

have not been met, or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached, although - as explained in Note 1(a) on page 11 - the financial statements have not been prepared on the going concern basis



Richard Hewson
Chartered Accountant
20 November 2012

21 Corner Green
London SE3 9JJ

The Intellectual Property Institute
Statement of financial activities (including Income and Expenditure Account)
for the year ended 31 March 2012

	Notes	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Incoming resources					
Voluntary income					
Donations and subscriptions		21,593	-	21,593	71,950
Incoming resources from charitable activities	2	11,445	165,802	177,247	51,434
Investment income					
Bank interest		53	-	53	6
Other income resources		23	-	23	186
		<u>33,114</u>	<u>165,802</u>	<u>198,916</u>	<u>123,576</u>
		=====	=====	=====	=====
Total incoming resources					
Resources expended					
Charitable activities	3	20,407	186,077	206,484	56,340
Governance costs	3	8,504	-	8,504	5,707
		<u>(28,911)</u>	<u>(186,077)</u>	<u>(214,988)</u>	<u>(62,047)</u>
		=====	=====	=====	=====
Total resources expended					
Net incoming resources (resources expended)					
- Net surplus (deficit) for year	4	4,203	(20,275)	(16,072)	61,529
Total funds at 1 April 2011		21,962	37,884	59,846	(1,683)
		<u>£26,165</u>	<u>£17,609</u>	<u>£43,774</u>	<u>£59,846</u>
		=====	=====	=====	=====
Total funds at 31 March 2012					

The statement of financial activities includes all gains and losses in the year All incoming resources and resources expended derive from continuing activities

The notes on pages 11 to 15 form part of these financial statements

**The Intellectual Property Institute
Balance Sheet
31 March 2012**

	Notes	£	2012 £	£	2011 £
Fixed assets					
Tangible fixed assets	7		572		763
Current assets					
Debtors	8	50,013		57,356	
Cash at bank and in hand		114,574		14,107	
Total current assets		164,587		71,463	
Creditors					
Amounts falling due within one year	9	(121,385)		(12,380)	
Net current assets			43,202		59,083
Net assets (liabilities)			£43,774 =====		£59,846 =====
Unrestricted funds			26,165		21,962
Restricted funds			17,609		37,884
Total funds			£43,774 =====		£59,846 =====

For the year ended 31 March 2012 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 ('the Act') and no member has deposited a notice requiring an audit of these financial statements under section 476 of the Act

The governors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 2012 and of its income and expenditure for the year then ended in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

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 (Part 15) and the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Governors on 20 November 2012 and signed on its behalf by

X 

Alison Brimelow, Chair

The notes on pages 11 to 15 form part of these financial statements

1 Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

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

The financial statements have not been prepared on the going concern basis, because the trustees have decided that activities should cease on or around 31 March 2013 and adjustments have, therefore, been made where appropriate to write down the company's assets to net realisable value.

- (b) Voluntary income is received by way of donations and subscriptions and is included in full in the Statement of Financial Activities when receivable. The value of services provided by volunteers has not been included.
- (c) Incoming resources from charitable activities and in respect of bank interest are included when receivable.
- (d) Resources expended are recognised in the period in which they are incurred and include attributable VAT which may not be recovered.

Staff and some other costs have been attributed as follows:

Charitable activities - 90%

Governance costs (see also note 3) - 10%

- (e) Rentals payable under operating leases are charged on a time basis over the lease term.
- (f) Depreciation is calculated to write off the cost of each tangible fixed asset at 25% per annum by the reducing balance method.
- (g) Liabilities are recognised as soon as there is a legal or constructive obligation to pay our resources.
- (h) Unrestricted funds are donations, subscriptions and other income resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.
- (i) Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

2 Incoming resources from charitable activities

	Unrestricted	Restricted	2012	2011
	£	£	Total	Total
			£	£
Research and study projects	-	165,802	165,802	42,134
Conferences and seminars	930	-	930	1,125
Publications and sales	10,515	-	10,515	8,175
	<u>£11,445</u>	<u>£165,802</u>	<u>£177,247</u>	<u>£51,434</u>
	=====	=====	=====	=====

3 Total resources expended

	Unrestricted Funds		Restricted Funds		
	Charitable activities	Governance costs	Charitable activities	Total 2012	Total 2011
	£	£	£	£	£
Conferences and seminars	81	-	-	81	440
Research and study costs	-	-	146,729	146,729	4,250
Previously accrued research costs no longer required	-	-	-	-	(12,174)
Publication expenses	5,000	-	-	5,000	5,000
Staff costs (note 5)	5,532	2,999	21,460	29,991	9,609
Consultancy fees	4,612	2,500	17,888	25,000	25,000
Rent and rates	-	-	-	-	24,722
Insurance	41	-	-	41	682
Website costs	4,680	-	-	4,680	-
Other premises expenses	-	-	-	-	517
Telephone, fax and internet	-	-	-	-	543
Postage, printing and stationery	88	-	-	88	90
Sundry expenses	147	-	-	147	-
Travel and subsistence	35	-	-	35	10
Legal and professional	-	14	-	14	15
Independent examiner's fees	-	2,127	-	2,127	1,080
Bookkeeping	-	785	-	785	871
Office equipment depreciation	191	-	-	191	255
Bank charges/exchange differences	-	79	-	79	105
Subscriptions	-	-	-	-	150
Sponsorship	-	-	-	-	607
Training	-	-	-	-	175
CPD points course	-	-	-	-	100
	<u>£20,407</u>	<u>£8,504</u>	<u>£186,077</u>	<u>£214,988</u>	<u>£62,047</u>
	=====	=====	=====	=====	=====

	2012 £	2011 £
4 Net incoming resources for the year		
This is stated after charging/(crediting)		
Bank deposit interest	(53)	(5)
Independent examiner's fees	2,127	1,080
Depreciation of tangible fixed assets	191	255
Operating lease charges	-	23,050
	=====	=====

5 Staff costs

Staff costs during the year were as follows

Wages and salaries	£29,991	£9,609
	=====	=====

The average weekly number of employees (excluding governors) during the year, calculated on the basis of full-time equivalents, was as follows

	2012 No	2011 No
In charitable activities	1	1
In governance	-	-
	1	1
	=	=

6 Taxation

The company is exempt from corporation tax on its charitable activities

7 Tangible fixed assets

	Office equipment £
Cost	
At 1 April 2011	25,702
Additions	-
Disposals	-
At 31 March 2012	25,702
Depreciation	
At 1 April 2011	24,939
Charge for year	191
At 31 March 2012	25,130
Net book values	
At 31 March 2012	£572 ===
At 31 March 2011	£763 ===

	2012 £	2011 £
8 Debtors		
Trade debtors	48,763	55,654
Other debtors and prepayments	1,250	1,702
	£50,013 =====	£57,356 =====
9 Creditors: amounts falling due within one year		
Trade creditors	101,956	4,586
Other creditors and accruals	19,429	7,794
	£121,385 =====	£12,380 =====

10 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	572	-	572
Current assets	45,388	119,199	164,587
Current (liabilities)	(19,795)	(101,590)	(121,385)
Net assets at 31 March 2012	£26,165 =====	£17,609 =====	£43,774 =====

11 Transactions with governors

There were no transactions with or for governors during the year

12 Liability of members

As the company is limited by guarantee (having no share capital) every member is liable to contribute a sum not exceeding £1 in the event of the company being wound up, in accordance with the Memorandum and Articles of Association. At 31 March 2012 there were 6 members (2011 - 7)