

Registered number: 04579498
Charity number: 1102186

EDUCATION POLICY INSTITUTE

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

EDUCATION POLICY INSTITUTE

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The following pages do not form part of the statutory financial statements:

Charity Detailed Income and Expenditure Account and Summaries

EDUCATION POLICY INSTITUTE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

Trustees	Sir Paul Marshall, Chair Baroness Morgan of Huyton Mr Charles Brand Dr Kitty Stewart Sir Michael Wilshaw Lord Nash
Company registered number	04579498
Charity registered number	1102186
Registered office	150 Buckingham Palace Road London SW1W 9TR
Company Secretary	Mr David Laws
Executive Chairman	Mr David Laws
Independent auditors	Calders (1883) LLP Chartered Accountants and Statutory Auditors 30 Orange Street London WC2H 7HF

EDUCATION POLICY INSTITUTE

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Trustees who are also directors present their annual report together with the audited financial statements of the charity for the 1 April 2020 to 31 March 2021. The Trustees Report serves the purposes of both a Trustees' report and a directors' report under company law.

Since the charity qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The principal objects of the charity are the non-partisan advancement of education of the public in the economic, social and political sciences and their effect on public policy and the policy-making process in the UK and the promotion and publication of objective research, and any other purposes deemed charitable under the law of England and Wales. There have been no changes in the objectives since the last annual report. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit, and the duties set out in Section 17 (5) of the Charities Act 2011, including the guidance "Public Benefit: Running a Charity (PB2)."

b. Main activities undertaken to further the charity's purposes for the public benefit

Our main activities and how we try to achieve our principal objectives for the benefit of the public are described below. All our charitable activities focus on the advancement of education of the public in the UK and are undertaken to further our charitable purposes for the public benefit.

Achievements and performance

a. Review of activities

1st April 2020 to 31st March 2021.

The Education Policy Institute is an independent, impartial and evidence-based research institute, which aims to promote high quality education outcomes, regardless of social background. We continue to use quantitative and other methods to analyse all phases of education in England, to help policy makers and practitioners to adopt more effective strategies to improve outcomes. We are particularly focused on policy challenges relating to the long "tail" of low attainment, and we seek to promote policy solutions which close the education gap between vulnerable children and adults, and the rest of the pupil and adult population. We are also interested in non-attainment related education and child development issues, and we have an important strand of work on child wellbeing and mental health.

2020/21 was a challenging year for many organisations, due to the global covid pandemic. For most of this period, staff were required to work from home, and few in person events or meetings were possible. The organisation adapted well to this challenge and supported staff to work effectively out of the office. Only a small number of activities were cancelled or delayed due to the pandemic, and the organisation continued to make progress towards financial sustainability during this time.

EPI has continued to produce a wide variety of reports on an extensive range of issues. EPI staff have been called upon to give evidence to parliamentary committees, and we have held a number of open events and roundtables.

EDUCATION POLICY INSTITUTE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

Review of activities (continued)

We have worked this year in partnership with Renaissance Learning to produce estimates of pandemic-related learning loss. This work has been commissioned by the Department for Education, and it has been the lead measure of learning loss which has been available to the government, and has helped inform the government's catch-up planning.

Staff have produced numerous research reports and analysis during the year. The major publications include:

"Preventing the disadvantage gap from increasing during and after the Covid-19 pandemic" (May 2020).

"Is the recruitment and retention strategy starting to pay off?" (June 2020).

"Getting pupils back into school: the unresolved problem of transport" (July 2020).

"Annual Report on Disadvantaged Gap" (July 2020).

"School funding allocations 2021/22" (July 2020).

"Addressing the digital divide in education." (August 2020).

"Reflections on exam results 2020: an avoidable crisis?" (August 2020).

"The Covid-19 pandemic and the early years workforce" (September 2020).

"Education responses across the UK to the Covid-19 pandemic." (October 2020).

"A systematic review of early years degrees and employment pathways." (December 2020).

"Early years workforce, qualifications and children's outcomes." (December 2020).

"Assessing Covid-19 cost pressures on England's schools." (December 2020).

"How leading education nations develop and reform their curriculum systems". (January 2021).

"Children and Young People's emotional and mental health." (January 2021).

"Learning loss research: understanding progress in the 2020-21 academic year" (February 2021).

"Education reopening and catch up across the UK". (February 2021).

"Measuring the disadvantaged gap in 16-19 education." (March 2021).

"Identifying pupils with special education needs and disabilities." (March 2021).

"The national funding formula: consideration of better targeting to disadvantaged pupils." (March 2021).

EDUCATION POLICY INSTITUTE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

b. Investment policy and performance

The charity has no investments apart from bank deposits and the Trustees consider this as the appropriate vehicle for holding its funds.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Future Developments

The Covid-19 pandemic continued to disrupt usual office operations and in person engagement in 2021/22. It is too early to know whether the disruption will continue into 2022/23.

EPI staff will work flexibility, with a mixture of in office/at home work, in order to comply with Covid guidance while working as effectively as possible.

Since 2016, EPI has received annual, unrestricted, grants from the Sequoia Foundation. In recent years, the level of these grants has been declining, as EPI moves towards being financially sustainable without reliance on unrestricted Sequoia grants. The last unrestricted grant, of £200,000, was received in Autumn 2021. However, the foundation has awarded further funding in 2022 and 2023 to support specific areas of work.

c. Reserves policy

It is the policy of the Trustees that reserves are maintained at a level to finance forecast future operations of the charity.

The Trustees have obtained confirmation of ongoing funding support from its main donor.

EDUCATION POLICY INSTITUTE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

d. Summary of income and expenditure

The charity's turnover during the reporting year was £1,025,850 (2020: £1,610,537). At the same time resources expended reduced to £1,377,875 (2020: £1,418,091).

Income

Voluntary income decreased to £846,901 (2020: £939,578). Income from our research, sponsored events and membership subscriptions decreased to £488,217 (2020: £668,378).

Expenditure

The main item of expenditure related to staffing and payroll costs of £1,170,768 (2020: £1,060,403).

e. Principal funding

Ongoing financial management is the responsibility of the Trustees. The annual budget is approved by the Trustees. Statements are presented to the Trustees, with explanations provided for variations from budget. The principal sources of funding are grants from a number of charitable trusts and sponsorship income for research, events and corporate subscriptions.

f. Research interns

It is the Institute's policy to pay research interns, typically working for between 1 - 3 months, at the London Living Wage.

Structure, governance and management

a. Constitution

Education Policy Institute is a charitable company limited by guarantee, incorporated on 1st November 2002 and registered as charity number 1102186 on 19th February 2004. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed by its Articles of Association. Since May 2016 the operating name and identity has been the Education Policy Institute.

b. Methods of appointment or election of Trustees

Trustees are elected by a simple majority of all the Trustees entitled to attend and vote at any meeting of the Board. Trustees are appointed by recommendation and informal interview processing and approval by the full board. There is currently no formal policy of training and induction in place for new Trustees. However, all current Trustees have extensive experience of legal issues relating to charities and are also advised by the Company Secretary on such matters. Should the need for a more formal policy arise, this will be considered by the Trustees.

EDUCATION POLICY INSTITUTE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

c. Organisational structure and decision-making policies

The current Trustees of the charity are also directors of the charity for the purposes of the Companies Act. The Trustees are responsible for setting the overall strategy of the charity and ensuring that the charitable purposes are adhered to and they retain overall responsibility for the running of the charity and delegation to relevant committees and/or sub Boards, as appropriate. The Trustees meet quarterly. Members of the Advisory Board provide input and advice on an ad hoc basis. Members of the Advisory Board include academics, commentators, education practitioners and senior parliamentarians.

d. Financial risk management

The Trustees have assessed the major risks to which the charity is exposed and are satisfied that all risks have been addressed and, where appropriate, systems are in place to mitigate the exposure to major risks.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' 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 . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

EDUCATION POLICY INSTITUTE

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Auditors

The auditors, Calders (1883) LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Small companies note

The Trustees' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by order of the members of the board of Trustees on 20 January 2022 and signed on their behalf by:



Sir Paul Marshall (Chair)
Trustee

EDUCATION POLICY INSTITUTE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION POLICY INSTITUTE

Opinion

We have audited the financial statements of Education Policy Institute (the 'charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

EDUCATION POLICY INSTITUTE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION POLICY INSTITUTE (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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 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' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

EDUCATION POLICY INSTITUTE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION POLICY INSTITUTE (CONTINUED)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation.

With regards to laws and regulations relating to the operating aspects of the charitable company, these were discussed with management and were not considered fundamental to the operating of the charity therefore should not have a material impact on the financial statements.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

EDUCATION POLICY INSTITUTE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDUCATION POLICY INSTITUTE (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

T Badiani (Senior Statutory Auditor)
for and on behalf of
Calders (1883) LLP
Chartered Accountants and Statutory Auditors
30 Orange Street
London
WC2H 7HF

20 January 2022

EDUCATION POLICY INSTITUTE

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
INCOME FROM:					
Donations, grants and legacies	2	310,197	536,704	846,901	939,578
Charitable activities	3	-	488,217	488,217	668,378
Investments	4	-	929	929	2,581
TOTAL INCOME		310,197	1,025,850	1,336,047	1,610,537
EXPENDITURE ON:					
Raising funds : Management operations, fundraising and communications	5	-	90,895	90,895	141,400
Charitable activities		316,141	970,839	1,286,980	1,276,691
TOTAL EXPENDITURE		316,141	1,061,734	1,377,875	1,418,091
NET MOVEMENT IN FUNDS		(5,944)	(35,884)	(41,828)	192,446
RECONCILIATION OF FUNDS:					
Total funds brought forward		115,937	834,830	950,767	758,321
Net movement in funds		(5,944)	(35,884)	(41,828)	192,446
TOTAL FUNDS CARRIED FORWARD		109,993	798,946	908,939	950,767

The notes on pages 15 to 25 form part of these financial statements.

EDUCATION POLICY INSTITUTE
REGISTERED NUMBER: 04579498

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 Restated £
FIXED ASSETS			
Tangible assets	10	8,130	12,471
		<u>8,130</u>	<u>12,471</u>
CURRENT ASSETS			
Debtors	11	234,598	238,711
Cash at bank and in hand		827,501	878,699
		<u>1,062,099</u>	<u>1,117,410</u>
Creditors: amounts falling due within one year	12	(161,290)	(179,114)
NET CURRENT ASSETS		<u>900,809</u>	<u>938,296</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>908,939</u>	<u>950,767</u>
		<u>908,939</u>	<u>950,767</u>
TOTAL NET ASSETS		<u>908,939</u>	<u>950,767</u>
CHARITY FUNDS			
Restricted funds		109,993	115,937
Unrestricted funds		798,946	834,830
TOTAL FUNDS		<u>908,939</u>	<u>950,767</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 20 January 2022 and signed on their behalf by:

Sir Paul Marshall (Chair)
Trustee

The notes on pages 15 to 25 form part of these financial statements.

EDUCATION POLICY INSTITUTE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	(46,726)	127,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(4,763)	(3,259)
Interest from investments	291	2,581
NET CASH USED IN INVESTING ACTIVITIES	(4,472)	(678)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR	(51,198)	126,393
Cash and cash equivalents at the beginning of the year	878,699	752,306
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	827,501	878,699

The notes on pages 15 to 25 form part of these financial statements

EDUCATION POLICY INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Education Policy Institute meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going concern

The charity's main donor has provided confirmation that it will continue to provide financial support to the charity for at least 12 months from the signing of the financial statements.
The Trustees therefore consider that it is appropriate to adopt the going concern basis for the preparation of the financial statements.

1.3 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.5 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

EDUCATION POLICY INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies (continued)

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities

1.7 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £100 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Fixtures and fittings	- 3 years straight line
Office equipment	- 3 years straight line

1.9 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

EDUCATION POLICY INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies (continued)

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

1.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Income from donations, grants and legacies

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	-	496,900	496,900	500,000
Grants	310,197	-	310,197	439,578
Government grants	-	39,804	39,804	-
	<u>310,197</u>	<u>536,704</u>	<u>846,901</u>	<u>939,578</u>
Total 2020	<u>439,578</u>	<u>500,000</u>	<u>939,578</u>	

EDUCATION POLICY INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Income from donations, grants and legacies (continued)

The Education Policy Institute received grants from three sources during the year for specific projects. The funds are deemed to be for a restricted purpose and expenditure in these grants are recorded separately.

Unbound Philanthropy which had an unspent grant brought forward of £39,951 (restated) received a further tranche of £40,000 with £41,653 expended in the year.

Nuffield has provided further restricted grants totalling £264,197 during the year which have all been expended.

EPI received a new grant from The James Dyson Foundation for £6,000 with no costs expended in the year and so this is the amount carried forward.

The Gatsby grant has a brought forward balance of nil (restated).

The Stitching Benevolentia has a grant brought forward of £75,985 (restated) with £10,290 being expended within the year.

3. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Conference and events	211,274	211,274	137,072
Research projects	195,071	195,071	454,665
Subscriptions (individual and corporate)	81,872	81,872	76,641
	<u>488,217</u>	<u>488,217</u>	<u>668,378</u>
<i>Total 2020</i>	<u>668,378</u>	<u>668,378</u>	

4. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest received	929	929	2,581
	<u>2,581</u>	<u>2,581</u>	
<i>Total 2020</i>	<u>2,581</u>	<u>2,581</u>	

EDUCATION POLICY INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Expenditure on raising funds

Costs of raising funds : management operations, fundraising and communications

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Conference and events	19,875	19,875	52,541
Allocation of support costs (Note 8)	71,020	71,020	88,859
	<u>90,895</u>	<u>90,895</u>	<u>141,400</u>
<i>Total 2020</i>	<u>141,400</u>	<u>141,400</u>	

6. Charitable activities

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 (restated) £
Unbound grant expenditure	41,654	-	41,654	33,191
Nuffield grant	264,197	-	264,197	286,806
Gatsby grant	-	-	-	21,780
Stiching grant	10,290	-	10,290	20,000
Research fees and subscriptions	-	60,032	60,032	130,482
Printing of publications	-	-	-	2,097
Allocation of support costs (Note 8)	-	910,808	910,808	782,335
	<u>316,141</u>	<u>970,840</u>	<u>1,286,981</u>	<u>1,276,691</u>
<i>Total 2020</i>	<u>361,777</u>	<u>914,914</u>	<u>1,276,691</u>	

EDUCATION POLICY INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7. Governance costs

	2021 £	2020 £
Auditors' remuneration (including prior year under provision)	9,748	9,630
Accountancy, payroll fees, auto-enrolment fees	6,348	6,075
Accountancy and advice prior year under provision	2,827	3,500
Bookkeeping	3,333	3,017
Legal and professional fees	1,367	1,069
	-	-
	23,623	23,291

8. Support costs

	Costs of generating funds 2021 £	Charitable activities 2021 £	Total funds 2021 £	Total funds 2020 (restated) £
Office costs	7,353	66,176	73,529	102,097
Website and IT costs	1,550	13,951	15,501	-
Miscellaneous	-	-	-	5,700
Bank charges	32	287	319	385
Consultancy	-	-	-	25,196
Advertising and promotional	509	4,585	5,094	6,810
Wages and salaries	47,318	903,776	951,094	899,459
National insurance	5,050	95,946	100,996	96,070
Pension costs	5,935	112,773	118,708	64,874
Restricted expenditure Unbound (Note 6)	-	(41,654)	(41,654)	(33,191)
Restricted expenditure - Nuffield (Note 6)	-	(264,197)	(264,197)	(286,806)
Restricted expenditure - Sticing Benevolentia	-	(10,290)	(10,290)	(20,000)
Restricted expenditure - Gatsby (Note 7)	-	-	-	(21,780)
Governance costs (Note 7)	2,362	21,261	23,623	23,291
Depreciation	910	8,194	9,104	9,089
Total	71,019	910,808	981,827	871,194

EDUCATION POLICY INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Support costs (continued)

All support costs except for wages and NI are apportioned between costs of generating funds and charitable activities on a 10% : 90% time basis respectively.

Wages and salaries are also apportioned on a time basis as follows;

5% : 95% between costs of generating funds and charitable activities.

9. Staff costs

	2021 £	2020 £
Wages and salaries	951,094	899,459
Social security costs	100,996	96,070
Contribution to defined contribution pension scheme	118,708	64,874
	<u>1,170,798</u>	<u>1,060,403</u>

The average number of persons employed by the charity during the year was as follows:

	2021 No	2020 No
Management, research and administrative	<u>22</u>	<u>21</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021 No	2020 No
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	1
	<u>6</u>	<u>6</u>

No trustees received remuneration or expenses in the year (2020: £Nil).

Total key management remuneration for the year was £95,600 (2020: £95,600).

EDUCATION POLICY INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 April 2020	8,196	36,376	44,572
Additions	-	4,763	4,763
At 31 March 2021	8,196	41,139	49,335
Depreciation			
At 1 April 2020	5,832	26,269	32,101
Charge for the year	2,123	6,981	9,104
At 31 March 2021	7,955	33,250	41,205
Net book value			
At 31 March 2021	241	7,889	8,130
At 31 March 2020	2,364	10,107	12,471

11. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	178,702	185,362
Other debtors	31,612	32,436
Prepayments and accrued income	17,510	20,280
Tax recoverable	6,774	633
	234,598	238,711

EDUCATION POLICY INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	14,683	33,738
Other taxation and social security	90,114	72,398
Other creditors	17,469	33,187
Accruals and deferred income	39,024	39,791
	<u>161,290</u>	<u>179,114</u>

	2021 £	2020 £
Other taxation and social security		
PAYE / NI control	33,265	35,410
VAT control	56,849	36,988
	<u>90,114</u>	<u>72,398</u>

Deferred income relates to the 2021/22 element of annual corporate partnerships and subscriptions invoiced in the year ended 31 March 2021.

13. Prior year adjustments

There has been a prior year presentational adjustment resulting in a re-analysis of wages and salaries on grant expenditure from unrestricted to restricted funds in the sum of £83,096. The funds were spent in accordance with the grant conditions; the adjustment being presentational re-analysis and does not result in a net change in overall charity funds.

14. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	<u>(41,828)</u>	<u>192,446</u>
Adjustments for:		
Depreciation charges	9,104	9,532
Interest received	(291)	(2,581)
(Increase) / decrease in debtors	4,112	(147,358)
Increase / (decrease) in creditors	(17,823)	75,032
Net cash provided by/(used in) operating activities	<u>(46,726)</u>	<u>127,071</u>

EDUCATION POLICY INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	827,501	878,699
Total cash and cash equivalents	827,501	878,699

16. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	878,699	(51,198)	827,501
	878,699	(51,198)	827,501

17. Pension commitments

The company makes payments to the individual pension schemes of twenty six (2020 - twenty six) employees. The pension cost charge represents contributions paid by the company to the individual pension schemes which amounted to £118,708 (2020 - £64,874). The sum of £112 (2020 - £18,480) of contributions were outstanding at the balance sheet date.

18. Operating lease commitments

At 31 March 2021 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	38,224	48,053
Later than 1 year and not later than 5 years	43,683	91,738
	81,907	139,791

EDUCATION POLICY INSTITUTE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Related party transactions

During the year the charity received donations of £350,000 (2020 - £500,000) from The Sequoia Trust, of which Mr Paul Marshall is also a Trustee.

The Charity received donations of £20,000 from Lord Nash who is also a trustee.

EDUCATION POLICY INSTITUTE

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2021 £	2020 £	2020 £
Income				
Donations and grants	496,900		500,000	
Conference and events	211,274		137,072	
Research and projects	183,517		447,765	
Restricted grants receivable	310,198		439,578	
Subscriptions and publications	81,872		76,641	
Bank interest receivable	929		2,582	
Miscellaneous income	11,553		6,899	
Furlough income	39,804		-	
Gross income in the reporting period		1,336,047		1,610,537
Less:				
Costs of generating funds				
Conference and events	19,875		52,541	
Printing of publications	-		2,097	
Research fees and subscriptions	60,032		130,489	
Wages and salaries	951,094		899,459	
Employer's national insurance	100,996		96,070	
Pension costs	118,708		64,874	
Office costs	73,529		102,097	
Website and IT costs	15,501		-	
Advertising, marketing and recruitment	5,094		6,809	
Consultancy	-		25,196	
Auditors' remuneration (including prior year underprovision)	9,748		9,630	
Accountancy and payroll fees (including prior year underprovision)	9,175		9,574	
Bookkeeping (non-audit)	3,333		3,018	
Legal fees	1,367		1,069	
Miscellaneous	-		5,694	
Bank charges	319		385	
Depreciation	9,104		9,089	
Total expenditure		1,377,875		1,418,091
Net (expenditure)/income before taxation for the reporting period		(41,828)		192,446
Net (expenditure)/income for the reporting period		(41,828)		192,446

EDUCATION POLICY INSTITUTE

INCOME AND EXPENDITURE ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2021 £	2020 £	2020 £
(Deficit)/Surplus for the reporting period		(41,828)		192,446

The notes on pages 15 to 25 form part of these financial statements.

