

5731255

# **LONDON HIGHER Trustees' Report & Financial Statement 2010-2011**

**Report and Financial Statements for the Year Ended 31 March 2011**

***A company limited by guarantee***

Charity Number. 1114873

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## **London Higher**

### **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011**

#### **LEGAL AND ADMINISTRATIVE DETAILS**

##### **Auditors**

Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

##### **Bankers**

Royal Bank of Scotland Group (Education Sector)  
Commercial Banking,  
3rd Floor, Cavell House  
21 Charing Cross Road  
London  
WC2H 0NN

##### **Legal Advisors**

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

##### **Registered Office**

Senate House  
Malet Street  
London  
WC1E 7HU

##### **Company Registration Number**

5731255

##### **Charity Registration Number**

1114873

#### **LONDON HIGHER SENIOR EXECUTIVE TEAM**

Jane Glanville	Chief Executive Officer
Michael Reynier	Deputy CEO & Head, Case for London HE
Ralph Blunden	Head, London Workforce Development
Kevin McCarthy	Head, Study London
Gareth Smith	Head, Podium

## **London Higher**

### **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011**

#### **BOARD OF TRUSTEES**

##### ***Chair***

Professor Malcolm Gillies, Vice-Chancellor  
**London Metropolitan University**

##### ***Vice Chair***

Professor Peter Kopelman, Principal,  
**St. George's, University of London**

Professor Anthony Bowne, Principal,  
**Trinity Laban Conservatoire of Music and Dance**

Professor Geoffrey Crossick, Vice-Chancellor  
**University of London**

Professor Geoffrey Petts, Vice-Chancellor,  
**University of Westminster**

Barbara M Stephens OBE, Regional Director,  
**The Open University in London**

Professor Paul Webley, Director and Principal,  
**School of Oriental and African Studies**

Professor Julius Weinberg, Vice-Chancellor,  
**Kingston University London**

#### **CO-OPTED TRUSTEES**

Professor Fiona Ross, Dean of the Faculty of Health & Social Care Sciences,  
**Kingston University London and St. George's, University of London**

Richard Sumray MBE, Chair  
**London 2012 Forum**

#### **OBSERVERS FROM STAKEHOLDER ORGANISATIONS**

John Dickie, Director of Employment and Skills,  
**London First**

Mark Kleinman, Assistant Director, Economic & Business Policy,  
**Greater London Authority**

David Noyce (Region Director)/Derek Hicks (Consultant),  
**HEFCE**

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2011

#### STRUCTURE, GOVERNANCE & MANAGEMENT

- 1 **Corporate Status.** London Higher is a company limited by guarantee with charitable status. The company was set up on 6 March 2006 and registered as a charity on 26 June 2006. The charitable activities of the company were transferred from the University of London on 1 April 2009.
- 2 **Governing Document.** The company was established under *Memorandum and Articles of Association* dated 6 March 2006 which establish the objects and powers of the charitable company. In addition it operates under a *Members' Agreement* with each member HEI that sets out the nature of the relationship between the company and each member.
- 3 **Trustees.** Trustees are elected by the members, save a number that are co-opted with regard to specific interests. At present London Higher has two co-opted Trustees. In addition London Higher Trustees invite observers from a limited number of key stakeholder organisations. At present London Higher has three observers.
- 4 **Trustee Induction & Training.** Member Trustees are familiar with the practical elements of the company as HEIs have charitable status as providers of education. Each new Trustee is given a copy of *The Essential Trustee* and all relevant Governance documents relating to the company. Trustees attend an annual Strategy Meeting that includes governance questions. Trustees are notified of training opportunities at quarterly meetings.
- 5 **Structure of the Executive.** The Executive is divided into six business divisions. These are listed below. Each division is a) a separate cost centre, b) overseen by an Advisory Group of members, and c) has its own Head of Division who reports directly to the Chief Executive. In addition the Heads of Division and the Chief Executive and Office Manager meet as a Senior Management Team every two weeks.
- 6 **Business Divisions of London Higher.**
  - *Case for HE* aims to create a robust evidence-base pertaining to, and in support of, HE in London;
  - *Study London*, promotes London as an educational destination and the best city in which to be a student;
  - *Podium*, the Further and Higher Education co-ordination Unit for the 2012 Games;
  - *School-HE links in London (SHELL)*, developing a strategy for meaningful links between secondary schools and HEIs in London;
  - *London Workforce Development*, our response to the higher-level skills agenda, and
  - *London Medicine*, bringing together London's medical schools and clinical academic health institutions
- 7 **Decision Making Protocols.** The overall strategic direction of London Higher is set out in a three-year **Business Plan** that is drawn up by the Executive, approved by the Board of Trustees and agreed by the company members. Each year an **Operational Plan** is drawn up with the same approvals. The annual

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

Operational Plan sets out the specific initiatives for the year together with expected costs. Heads of Division are responsible for delivering these initiatives on a day to day basis. The SMT monitors progress bi-weekly and each Quarter Trustees are given a written **Progress Report**. In addition any expenditure over £10,000, whether agreed in the Operational Plan or not, must be approved by the Board.

- 8 **Higher Education Institutions (HEIs).** Publically funded HEIs in London are our company members. In the *Members' Agreement* they devolve to the London Higher Board of Trustees the power to make decisions on their behalf in the collective interests of the group, or parts thereof. This authority is safeguarded by Advisory Groups for each of our operational divisions which comprise senior representatives from the membership group.
- 9 **Related Parties.** The policy landscape for higher education is set by the Department for Business, Innovation and Skills, though the Minister for Higher Education, and implemented by the Higher Education Funding Council for England (HEFCE), a quasi-autonomous non-governmental organisation. London Higher does not seek to influence policy at the Government level, rather it aims to develop and run HE collaborations that reflect national policy but which are tailored to the London region and the unique nature of the London group of HEIs. HEFCE has a London regional team and London Higher works closely with HEFCE on a number of initiatives. The HEFCE London Regional Consultant is an observer on the London Higher Board of Trustees.
- 10 In addition, the Mayor of London (GLA) and his executive, London and Partners (L&P), have interests in higher education as it pertains to the capital. London Higher maintains links with both. A representative of the GLA is an observer on the London Higher Board of Trustees.
- 11 London Higher convenes the *London HE Forum* which, in addition to representatives from HEFCE and the GLA, also includes London First, representing the business community, Universities UK, representing national HE, and the City of London.
- 12 **Risk Management.** The Board of Trustees annual Strategy Meeting monitors and reviews risks to the organisation and, where appropriate, requires the Executive to take action in mitigation. London Higher is establishing a central Risk Register and we have been awarded the Investors in People mark. Our policies governing risks are included in our Employee Handbook and most are available on our website.

### OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

- 13 In June 2011 our new Business Strategy was approved by members. It makes changes to vision, mission and values.
- 14 **Our Vision.** Our vision defines the way we would like the London HE landscape to look in 2014. It is our aspiration for the future and gives the context for our work. For the period 2011-2014 our vision will be *Higher Education working together for excellence and efficiency*.
- 15 **Our Mission** tells people how we intend to achieve our vision. It defines the fundamental purpose of London Higher and is intended to explain why we exist and what it is that we do. For the period 2011-2014 our mission will be. *To extend the reach, influence and capacity of members and partners by supporting HEIs to work together*.

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

- 16 **Objectives.** We have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.
- 17 We fulfil our mission in the following ways
- a) 'Reach' is used to capture the concept that collaboration often takes HEIs into new or perhaps unfamiliar territory, reflecting the feature that London Higher collaborations tend to be in areas peripheral to HEIs' core missions of teaching and research.
  - b) 'Influence' is how we will action our continuing advocacy and promotional remit. We intend to promote our active collaborations as examples of how London HEIs are meeting the challenges of the sector.
  - c) By 'capacity' we mean to expand the ability of any one HEI to achieve excellence and efficiency by working with other HEIs. In a diverse HE sector like London some HEIs may not possess all, or enough, capacity to meet their challenges. By working together, through London Higher, HEIs can make use of the collective footprint of London HE.
- 18 Our business model is described in detail in our Business Strategy (pages 7-10)
- 19 **Success Criteria** We have adopted the 'Balanced Scorecard' approach to measuring our performance against our objectives. The scorecard for London Higher is shown below.

**The London Higher Balanced Scorecard**

<b>Stakeholders (members, partners, agencies, clients)</b>	<b>Internal Business Process (Processes, management, impact measurement, comms)</b>
Member & partners visits (R)	Dashboard Meetings (R)
Advisory Groups (R)	Conduct Benchmarking studies (R)
Membership engagement programme (R)	Agree annual outputs (C)
Recruit members and partners (C)	Monitor & report progress (C)
Briefing documents (I)	Deliver OP actions (C)
Plenary Meeting (I)	Develop marketing campaign (C)
Newsletter & E-zine (I)	Identify KPIs & usage data (I)
<b>Financial (contributions, fees, rebates, sales, cost reduction)</b>	<b>Resources (IT, Skills, networks) People, systems &amp; infrastructure</b>
Secure project funding (C)	Conduct user evaluations (I)
Draw down/collect funding (C)	Store feedback uniformly (I)
Draft business case (C)	Collect case studies (I)
Calculate savings & value-added (I)	Conference presentations (I)
Annual Review & Accounts (I)	Websites (I)

R = 'Reach'

C = 'Capacity'

I = 'Influence'

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

- 20 *Balance of activities.* We are satisfied that our activities across the organisation are balanced between the four perspectives of the scorecard
- 21 *Performance Indicators* Each of the activities outlined above has associated performance indicators attached to it. These have been agreed with the relevant project manager within London Higher and have been discussed by the London Higher SMT. Indicators we use include financial criteria but also usage statistics, public value statements, and traffic light systems
- 22 *Monitoring* The scorecard is reviewed at each meeting of the SMT and a report is given to the Board of Trustees each quarter and to the members in the Annual Review. In addition we also report to the Charities Commission, via an annual Trustees Report. Financial data is also filed with Companies House
- 23 *Adjustments and Action* It is our intention during this business cycle to adopt a more dynamic approach to acting on business performance. We expect to continually make adjustments to our programmes, offerings and services in order to achieve the maximum return and benefit for our members, partners and stakeholders. The mechanisms for these decisions will be the SMT (through dashboard meetings) and ultimately the Board, where such approval is required
- 24 *Evaluation of London Higher* As in previous Business Strategies we intend to conduct an evaluation of the organisation and its value to members during the current business cycle
- 25 *Outputs* Our outputs are diverse and include research reports, promotional material and activities, meetings and workshops, media management and receptions. We also run a wide range of advisory groups and networks

### SIGNIFICANT ACTIVITIES

- 26 In this section we give summaries of some of the main activities each of our divisions has undertaken during the past year
- 27 *Case for HE.* During the year we a) played a full role in supporting our members in responding to the Browne Review into funding for HE and the Comprehensive Spending Review (CSR) which followed and highlighted the additional costs of studying and operating in London, b) we held a private meeting with David Willetts, Minister for Higher Education, in November, c) ran two pilots studies to explore how London HEIs might contribute to the Mayor's statutory strategies for London (on Waste Management and the Culture Strategy), d) organised a flagship panel discussion on the Health White Paper involving representatives from PCTs, GPs and the Department of Health to learn how HEIs will need to work in the new regime, e) published 'Social and Public Engagement by London's Universities and Higher Education Colleges' which presented more than forty case studies of how London HEIs contribute to physical and mental wellbeing, social inclusion and research and society, f) concluded a baseline study of Green ICT in London HEIs to obtain a regional estimate of energy use and CO2 emissions from ICT operations, g) published in November 2010 'Goods to Declare' an economic impact study of London's universities and HE colleges engaging with Europe, h) commenced in Summer 2010 a new initiative looking at shared services across the London HE sector, i) hosted two breakfast seminars for London HE administrators themed on



## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

student accommodation and endowments, j) produced a series of fact sheets summarising key data sets for the London HE group and, in many cases, providing trend and inter-regional comparisons

- 28 **Study London.** During the year we a) published a report on the significant economic impact of international students to London's economy, b) published our international student magazine *insight*, with feature articles in business and finance, the creative arts, science and technology, and health and public policy, c) attracted 615,000 unique users to our website; and d) moved to the Mayor's newly created promotional agency for London - London and Partners - on a six month secondment to lead on the agency's higher education activities
- 29 **Podium** During the year we a) attracted 580 members of the Further and Higher Education sector to Podium's *Countdown to the Games* conference in February 2011, b) ran 20 conferences, regional workshops and events in the last year across England and Wales and organised a briefing on the two main volunteering opportunities at London 2012 - the Games Makers and London Ambassadors programmes - which was very well attended, c) published a report entitled '*The Engagement of Further and Higher Education with the London 2012 Olympic and Paralympic Games*' which showed that 92% of the 240 institutions surveyed expect to be involved in some way in activities relating to London 2012 in the run up to the Games; d) produced two editions of *Spotlight* magazine which features case studies and opportunities across a broad range of topics including, sport, volunteering, culture, science and research, e) oversaw the delivery of a pilot public engagement programme around the UK
- 30 **London Workforce Development.** During the year we a) re-launched our brand as London Workforce Development in early 2011 to reflect the focus and intent of our function, b) launched the LEEP initiative which seeks to provide a coordinated approach between employers, employees and education providers to develop relationships with potential future talent from an early stage in an individual's education journey, c) secured funding in December 2010 from the London Chamber of Commerce and Industry Commercial Education Trust to lead an initiative to promote effective collaboration between SMEs and HEIs, d) we facilitated in Spring 2010 the delivery of our first bespoke workshop, in collaboration with London South Bank University, e) commenced work with 5 HEIs to develop a service to demonstrate and promote the non-accredited short course provision available from London HEIs, f) launched in December 2010 our website and key promotional brochure, g) completed a successful scoping study consulting with over 40 individuals across thirty organisations to test the initial assumptions of the LHBD
- 31 **SHELL.** During the year we a) launched in September 2010 the successful SHELL directory '*Your school's at-a-glance SHELL Guide to contacting London universities*', b) produced a brochure to encouraging university and HE college staff to become members of school governing bodies, c) ran a seminar in June 2011 at which the SHELL 'Toolkit' was launched. The 'Toolkit' captures examples of good practice from the project together with resources for both schools and HEIs
- 32 **London Medicine.** During the year we a) launched the new London Medicine website in May 2011, b) commissioned a bibliometrics study to investigate the quality and quantity of the medical, dental and pharmacy research produced by London's higher education institutions, c) organised three meetings with high profile guest speakers from the sector to discuss the current issues affecting the delivery of medical, dental and pharmacy higher education in the capital, d) worked with the Healthcare Education Group to

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

respond to the government's White Paper on NHS reform and ensured the interests of London higher education institutions (HEIs) were considered in the policy development

- 33 More details of these activities are presented in our *Annual Report* to members which can be downloaded from our website [www.londonhigher.ac.uk/annualreports.html](http://www.londonhigher.ac.uk/annualreports.html)

#### FINANCIAL REVIEW

- 34 This has been our second Financial Year as a company limited by guarantee
- 35 **Audited Accounts.** Audited accounts for the year ended 31 March 2011 show that London Higher received income of £1.4m and disbursed £1.7m, leaving a deficit for the year of £286k. Most of this deficit (£248k) relates to expenditure on specific projects held as restricted funds from grant income brought forward at the start of the year, as shown in note 11 to the financial statements. In addition, the Trustees agreed a reduction in members' contributions this year which resulted in a reduction of incoming resources of £94k. The surplus of £1.173m for the year ended 31 March 2010 includes £986k of accumulated funds transferred from the previous operation as a division of the University of London. The operating surplus for that year amounted to £188k.
- 36 **Carry-over.** The charity is undergoing a planned transition away from restricted grant funding and towards income generating service provision to allow greater flexibility in the way in which the organisation operates. Restricted grant balances carried forward are therefore expected to reduce in future.
- 37 **Reserves Policy.** Our free Reserves at 31 March 2011 stand at £384k, approximately equal to three months salary costs as stated in our Financial Regulations. We require reserves of this order to meet unexpected delays and fluctuations in the income of London Higher. We are confident the levels set aside are sufficient to cover in-year delays in grant payment or moderate reductions in grant forecast.
- 38 **Financial Plan.** For the 2011-12 financial year we are predicting income of c. £2m. In March 2011 we circulated a costed Operational Plan for 2011-12 to all members which indicates how this money will be disbursed.

#### PLANS FOR 2011-12

- 39 **Strategies for the year. Operational Plan.** Our Operation Plan details our planned activities for the coming year. We propose to deliver over £600,000 of top priority initiatives (not related to administration) across a range of areas, circa £338,000 of this sum pertains to new initiatives. These include:
- a) Developing and launching AccessHE, a new programme aimed to assist members in meeting their OFFA requirements,
  - b) Hosting multiple events and training workshops to bring employers and HEIs together to plan workforce development initiatives,
  - c) Initiating new services to support members investigating cost efficiencies and revenue generation (so-called shared services),

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

d) Running a series of events in the build-up to the London 2012 Games,

e) *Conducting an evaluation of the London Medicine initiative*

40. The full Operational Plan is published on the London Higher website at [www.londonhigher.ac.uk/annualreports.html](http://www.londonhigher.ac.uk/annualreports.html)

#### STATEMENT OF TRUSTEES' RESPONSIBILITIES

- 41 The Trustees (who are also Directors of London Higher 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 )
- 42 Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to
- select suitable accounting policies and then apply them consistently,
  - observe the methods and principles in the Charities SORP,
  - make judgements and estimates that are reasonable and prudent,
  - state whether applicable UK Accounting Standards have been followed, *subject to any material departures disclosed and explained in the financial statements,*
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business
- 43 The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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
- 44 In so far as the Trustees are aware
- there is no relevant audit information of which the charity's auditor is unaware,
  - the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information, and
  - in all material respects income from HEFCE, grants and income for specific purposes and from other restricted funds administered by London Higher have been applied only for the purposes for which they were received

London Higher

**REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2011**

**AUDITORS**

Kingston Smith LLP are deemed reappointed for the forthcoming year in accordance with the provisions of the Companies Act 2006

**APPROVAL**

- 45 *Declaration* This report has been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) and in accordance with the special provisions of Part IV of the Companies Act 1985 relating to small entities
- 46 *Resolution* Approved by the London Higher Board of Trustees on **22 September 2011** and signed on its behalf by.



**Professor Malcolm Gillies**  
Chair, London Higher

# London Higher

## Independent Auditors' Report to the Members of London Higher

We have audited the financial statements of London Higher for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008), United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities.

This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As explained more fully in the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on the financial statements

*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 2011 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 properly prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Kingston Smith LLP*

James Cross, Senior Statutory Auditor  
for and on behalf of Kingston Smith LLP  
Statutory Auditor

Date 4 October 2011

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# London Higher

## Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year ended 31 March 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Membership contributions	3	332,300	140,333	472,633	656,167
<i>Charitable activities</i>					
Grants	4	37,500	824,875	862,375	998,370
Other incoming resources	4	49,778	60,040	109,818	63,536
Funds transferred from previous operations	2	-	-	-	985,717
<b>Total Incoming Resources</b>		<b>419,578</b>	<b>1,025,248</b>	<b>1,444,826</b>	<b>2,703,790</b>
<b>Resources Expended</b>					
Charitable activities	5	571,659	1,142,761	1,714,420	1,478,432
Governance costs	6	16,436	-	16,436	51,940
<b>Total Resources Expended</b>		<b>588,095</b>	<b>1,142,761</b>	<b>1,730,856</b>	<b>1,530,372</b>
<b>Net (Outgoing)/Incoming Resources before transfers</b>	2	<b>(168,517)</b>	<b>(117,513)</b>	<b>(286,030)</b>	<b>1,173,418</b>
Transfers between funds	11	130,935	(130,935)	-	-
<b>Net (Expenditure)/Income for the Year</b>		<b>(37,581)</b>	<b>(248,448)</b>	<b>(286,030)</b>	<b>1,173,418</b>
<b>Reconciliation of Funds</b>					
Total funds at 1 April 2010		421,535	751,883	1,173,418	-
<b>Total Funds at 31 March 2011</b>		<b>383,954</b>	<b>503,435</b>	<b>887,389</b>	<b>1,173,418</b>

The notes on pages 15 to 21 form part of these accounts

# London Higher

## Balance Sheet as at 31 March 2011

	Note	2011 £	2010 £
<b>Current Assets</b>			
Debtors	8	239,510	338,804
Cash at bank and in hand		857,329	931,929
		<u>1,096,839</u>	<u>1,270,733</u>
<b>Creditors</b> amounts falling due within one year	9	<u>(209,450)</u>	<u>(97,315)</u>
<b>Net Current Assets</b>		887,389	1,173,418
<b>Net Assets</b>		<u><u>887,389</u></u>	<u><u>1,173,418</u></u>
<b>Funds</b>			
Unrestricted		383,954	421,535
Restricted	11	503,435	751,883
	11	<u><u>887,389</u></u>	<u><u>1,173,418</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Trustees and authorised for issue on <sup>22 September 11</sup> ~~22 September 11~~ and signed on its behalf by



Professor Malcolm Gillies  
Trustee

Company number 5731255

The notes on pages 15 to 21 form part of these accounts

# London Higher

## Notes to the accounts for the year ended 31 March 2011

### 1 Accounting Policies

#### a) Accounting convention

The financial statements have been prepared under the historic cost convention, in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Financial Reporting Standards for Smaller Entities (effective April 2008) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

#### b) Cash flow statement

The charity qualifies as a small company within the meaning of the Companies Act 2006 and is therefore exempt from the preparation of a cash flow statement, under the Financial Reporting Standard No. 1.

#### c) Income

Income is derived from ordinary activities and is accounted for on an accruals basis.

Grants receivable are credited to the Statement of Financial Activities in the year for which they are received.

Deferred income represents amounts received for future periods where conditions are attached which must be fulfilled before unconditional entitlement, or grants which can only be spent in future periods. The deferred income is released when entitlement to the income is confirmed.

#### d) Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis. Membership and charitable activity costs include expenditure which is directly attributable to specific activities and has been included within those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs are costs incurred in connection with the strategic management of the charity and in compliance with constitutional and statutory requirements.

#### e) Operating Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### f) Fund Accounting

Funds held by the charity are either

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds - these are funds that can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

### 2 Net incoming resources

This is stated after charging	2011 £	2010 £
Auditors Remuneration (including VAT)	8,904	8,460
Operating lease rentals	138,136	109,090
and after crediting		
Exceptional Item	<u>-</u>	<u>985,717</u>

The exceptional item related to the transfer of unrestricted funds and unspent project balances from the University of London to London Higher at 31 March 2009.



# London Higher

## Notes to the accounts for the year ended 31 March 2011

<b>3 Incoming resources from generated funds</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2011 £</b>	<b>2010 £</b>
London Higher member contributions	332,300	-	332,300	426,000
London Medicine contributions	-	140,333	140,333	130,167
London Workforce Development contributions	-	-	-	100,000
	<u>332,300</u>	<u>140,333</u>	<u>472,633</u>	<u>656,167</u>
<b>4 Incoming Resources from charitable activities</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2011 £</b>	<b>2010 £</b>
Grants Received				
HEFCE	37,500	394,775	432,275	646,700
LDA	-	179,000	179,000	93,670
SFA	-	125,000	125,000	125,000
DFE	-	126,100	126,100	133,000
	<u>37,500</u>	<u>824,875</u>	<u>862,375</u>	<u>998,370</u>
Other income				
Advertising	8,660	60,040	68,700	63,536
Other income	41,118	-	41,118	-
	<u>49,778</u>	<u>60,040</u>	<u>109,818</u>	<u>63,536</u>
	<u>87,278</u>	<u>884,915</u>	<u>972,193</u>	<u>1,061,906</u>
<b>5 Analysis of Charitable expenditure</b>	<b>Direct Costs £</b>	<b>Support Costs £</b>	<b>2011 £</b>	<b>2010 £</b>
London Higher	476,530	105,811	582,341	494,442
Study London	218,127	23,164	241,291	328,366
Podium	244,555	39,157	283,712	248,302
London Workforce Development	332,054	41,683	373,737	193,714
London Medicine	103,245	11,271	114,516	108,176
Schools and HE	102,599	16,223	118,822	57,563
Case for HE	-	-	-	47,869
	<u>1,477,111</u>	<u>237,309</u>	<u>1,714,420</u>	<u>1,478,432</u>
<b>Support Costs</b>			<b>2011 £</b>	<b>2010 £</b>
Travel & Subsistence			8,538	19,884
Catering & Hospitality			12,324	9,204
Postage & Courier			2,450	6,864
Telephone			5,182	2,827
IT Costs & Website Development			39,786	120,913
General Office Costs			10,663	8,162
Staff Costs			8,346	9,949
Accountancy and Professional fees			49,508	58,470
Rent			98,867	71,602
Bank Charges			1,645	736
			<u>237,309</u>	<u>308,611</u>
<b>6 Governance costs</b>			<b>2011 £</b>	<b>2010 £</b>
Audit fees			8,904	8,460
Salaries			7,532	43,480
			<u>16,436</u>	<u>51,940</u>

# London Higher

## Notes to the accounts for the year ended 31 March 2011

### 7 Analysis of staff costs

	2011 £	2010 £
Wages and salaries	735,851	561,973
Social security costs	61,562	48,358
Pension costs	114,760	74,131
Recruitment expenses	7,532	61,431
	<u>919,705</u>	<u>745,893</u>

The average number of employees was

	2011 No	2010 No.
London Higher	4	4
Study London	2	2
Podium	3	3
London Workforce Development	3	-
London Medicine	1	-
Schools and HE	1	1
Case for HE	1	1
	<u>15</u>	<u>11</u>

During the year there were four employees who received emoluments exceeding £60,000. They fall into the following brackets:

	2011 No	2010 No
£60,000 - £70,000	1	1
£70,000 - £80,000	1	1
£80,000 - £90,000	1	-
£100,000 - £110,000	1	-
£120,000 - £130,000	-	1
	<u>-</u>	<u>1</u>

No trustee received remuneration or reimbursement for expenses during the year.

### 8 Debtors

	2011 £	2010 £
Trade debtors	27,825	29,200
Prepayments and accrued income	16,575	3,931
Other debtors	195,110	305,673
	<u>239,510</u>	<u>338,804</u>

### 9 Liabilities: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	142,720	52,057
Accruals and deferred income	64,220	33,278
Other taxes & social security costs	-	4,221
Other creditors	2,510	7,759
	<u>209,450</u>	<u>97,315</u>

# London Higher

## Notes to the accounts for the year ended 31 March 2011

### 10 Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Debtors	67,778	171,732	239,510
Cash at bank and in hand	475,626	381,703	857,329
Creditors	(159,450)	(50,000)	(209,450)
<b>Total Funds</b>	<b>383,954</b>	<b>503,435</b>	<b>887,389</b>

### 11 Movement on Funds

	Brought forward at 01/04/2010 £	Incoming £	Outgoing £	Transfers £	Carried forward at 31/03/2011 £
<b>Restricted Funds</b>					
Study London	176,076	247,700	(243,756)	29,235	209,255
PODIUM	273,747	190,000	(286,999)	(13,947)	162,801
London Workforce Development	188,726	321,115	(377,024)	(98,005)	34,812
London Medicine	44,604	140,333	(114,691)	(38,054)	32,192
Schools and HE	68,730	126,100	(120,291)	(10,164)	64,375
	<u>751,883</u>	<u>1,025,248</u>	<u>(1,142,761)</u>	<u>(130,935)</u>	<u>503,435</u>
<b>Unrestricted funds</b>					
London Higher	269,792	419,578	(588,094)	19,444	120,720
Reserve Funds	151,743	-	-	111,491	263,234
	<u>421,535</u>	<u>419,578</u>	<u>(588,094)</u>	<u>130,935</u>	<u>263,234</u>
<b>Total Funds</b>	<b>1,021,675</b>	<b>1,444,826</b>	<b>(1,730,855)</b>	<b>-</b>	<b>887,389</b>

*Reserve Funds* this balance of £263,234 are funds held on behalf of all divisions

*Restricted Fund Transfers* These represent an allocation of the overhead costs incurred by London Higher in running each of the projects. The recharge includes consideration for staff time, rent, phone use and printing, and has been calculated on a time spent basis.

*Study London* This project has been set up to promote London as an educational destination and as the best city in which to be a student. The campaign team work closely with universities and higher education institutions to attract more international students to London to study.

*PODIUM* is the Further and Higher Education Unit for the 2012 Olympic and Paralympic Games. It has a national remit and is funded by HEFCE, HEFCW and the SFA.

*London Workforce Development* is tasked with the development of businesses engagement with HEIs (Higher Education Institutions) in London, and to influencing their capability and capacity to deliver the higher level skills programmes required ensure London remains competitive in a truly global economy. Its primary objective will be to increase the volume of revenue flowing from employers to HEIs in London.

*London Medicine* is tasked with monitoring the healthcare policy environment as it applies to the membership of the Group and identify opportunities and to promote the regional, national and international contributions made by London's Medical Schools.

*Schools and HE* Working with schools and partners to make London a centre for world class education and to support London students' progression to higher education.

### 12 Operating Lease Commitments

	2011 £	2010 £
Land and buildings held under operating leases which expire in Two to five years	98,867	94,656
Other equipment held under operating leases which expire in Two to five years	41,494	27,738
<b>Total operating lease commitments</b>	<b>140,361</b>	<b>122,394</b>

# London Higher

## Notes to the accounts for the year ended 31 March 2011

### 13 Taxation

London Higher is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to charitable objects. No tax charges have arisen in the Charity.

### 14 Pension Scheme

London Higher participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK, three are appointed by the University and College Union, of whom at least one must be a USS pensioner member, one is appointed by the Higher Education Funding Councils, and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follow:

Male members' mortality                      PA92 MC YoB tables - rated down 1 year

Female members' mortality                      PA92 MC YoB tables - No age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

## London Higher

### Notes to the accounts for the year ended 31 March 2011

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded, on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum, also the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below.

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of pension increases		
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion
Rate of mortality		

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

## London Higher

### Notes to the accounts for the year ended 31 March 2011

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next

The next formal triennial actuarial valuation is as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the institution had 14 active members participating in the scheme.

The total pension cost for the institution was £114,760 (2010 £74,131). The contribution rate payable by the institution was 16% of pensionable salaries.