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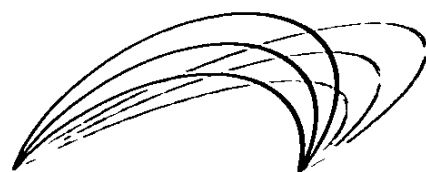
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COMPANIES HOUSE



# LONDON HIGHER Trustees' Report & Financial Statement 2011-2012

Report and Financial Statements for the Year Ended 31 March 2012

*A company limited by guarantee*

Charity Number: 1114873

Company Number: 5731255



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**London Higher**

**REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2012**

**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 (to 23 March 2012)**

Senate House  
Malet Street  
London  
WC1E 7HU

**Registered Office (from 24 March 2012)**

Tavistock House  
Tavistock Square  
London  
WC1H 9JB

**Company Registration Number**

5731255

**Charity Registration Number**

1114873

## **London Higher**

### **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012**

#### **LONDON HIGHER SENIOR MANAGEMENT TEAM (to March 2012)**

Jane Glanville	Chief Executive Officer
Michael Reynier	Deputy CEO & Head, Case for London HE & Head, London Medicine
Ralph Blunden	Head, London Workforce Development
Graeme Atherton	Head, AccessHE
Gareth Smith	Head, Podium
Kevin McCarthy	Head, Study London (London & Partners)

## **London Higher**

### **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012**

#### **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 (Appointed 1 August 2011)  
**Kingston University London**

Professor Barry Ife, Principal (Resigned 10 May 2011)  
**Guildhall School of Music and Drama**

#### **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 2012

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2012

#### 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 (SMT) 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,
  - *London Workforce Development*, our response to the higher-level skills agenda,
  - *London Medicine*, bringing together London's medical schools and clinical academic health institutions,
  - *AccessHE*, Pan-London organisation enabling provision of support for young people from disadvantaged backgrounds to enter Higher Education.
- 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 Operational Plan sets out the specific initiatives for the year together with expected costs. Heads of Division

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

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 **Higher Education Partners.** In response to Government policies aimed at reducing the distinction between publicly funded and other forms of higher education, in 2011 London Higher began to work with other, quality assured providers of higher education in London. We now recognise two partnership categories (as distinct from members): publicly funded higher education providers based *outside* London who have opened centres in London, and alternate providers (including private providers and not-for-profit providers).
- 10 **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.
- 11 Additionally, 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. In April 2011 the Study London programme was transferred to London & Partners under licence from London Higher. The licence continues to March 2013.
- 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 latest Business Strategy was approved by members. It makes changes to vision, mission and values.
  - **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 twofold vision will be:
    - *Promoting and Advocating Higher Education, and*
    - *Higher Education working together for excellence and efficiency*

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

- 14 **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*
- 15 **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
- 16 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
- 17 Our business model is described in detail in our Business Strategy (pages 7-10)
- 18 **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**

Stakeholders (members, partners, agencies, clients)	Internal Business Process (Processes, management, impact measurement, comms)
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 2012

- 19 *Balance of activities* We are satisfied that our activities across the organisation are balanced between the four perspectives of the scorecard
- 20 *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
- 21 *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
- 22 *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
- 23 *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
- 24 *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

- 25 In this section we give summaries of some of the main activities each of our divisions has undertaken during the past year
- 26 *Case for HE*. During the year we a) lobbied through our Research Excellence Group on postgraduate (PG) matters and ran a survey of members to gain an indication of the emerging trends in PG provision. This culminated in a meeting we held for members with Professor Sir Adrian Smith, Director General, Knowledge and Innovation, BIS, b) oversaw a small research project commissioned by AccessHE on behalf of our Healthcare Education Group which looked at barriers into the healthcare professions, c) set up four Task and Finish Groups to enable our Europe Group to look at specific issues in more detail, additionally the group lobbied for, and succeeded in gaining, an HE representative on the London Management Committee for the European Regional Development Fund, d) hosted two delegations of member groups to Brussels to discuss the forthcoming EU budget, e) set up a Finance Directors Group under our Shared Services initiative comprising Finance Directors who met regularly to discuss a number of ideas for collective action in financial areas, we also organised a seminar on the recent EU VAT exemption issue delivered by Deloitte, e) set up an *IT Directors' Group*, also under our Shared Services initiative. The group brings together Directors of IT and ISS from our member and partner groups, f) set up a *Creative and Performing Arts and Design (CPAD) group* chaired by Professor Alan Penn (UCL) tasked with promoting London's creative and cultural sector. The group is collating quantitative and qualitative data on HEI contributions to London's economy and

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

organised a visit to meet EU officials in Brussels to discuss forthcoming EU budgets for creative industries/sectors, and g) launched our eight-point advocacy campaign to coincide with Government changes to the HE system highlighting various issues such as the immigration cap and visas for students from overseas and the preservation of London Weighting

- 27 **Podium.** During the year we a) rolled out (in partnership with Adecco, London 2012's official recruitment partner) the Summer Job of a Lifetime initiative and website which enabled students to apply for 100,000 paid roles helping to deliver the London 2012 Olympic and Paralympic Games, b) co-ordinated (in partnership with British Universities & Colleges Sport (BUCS) and Universities UK) the third annual Universities Week, c) organised the Outdoor Athletics Championships (in partnership with BUCS) at the Olympic Stadium, d) held the Podium Awards Evening which celebrated the 70 outstanding London 2012 related projects involving the Further and Higher Education sectors which received gold, silver or bronze awards, e) published our second annual stakeholder survey report entitled *The Engagement of Further and Higher Education with the London 2012 Olympic and Paralympic Games II* which highlighted that over 92% of respondents from the Further and Higher Education sector expected to be involved in Games-related projects, f) launched a new free-to-use, not-for-profit online database called *Games-Experts.com*, which allows the world's media and academic community to search for and contact professionals who have experience of working on and researching a diverse range of issues related to the Olympic and Paralympic Games To date, over 350 experts are featured on the website, and g) have welcomed over 10,000 unique visitors to our website per month
- 28 **London Workforce Development.** During the year we a) set up the London courses website ([www.londoncourses.org.uk](http://www.londoncourses.org.uk)) with funding from City University The website seeks to aid employers seeking affordable training for their employees Over 13 HEI members are featured on the website, b) received funding from the London Chamber Of Commerce and Industry Commercial Education Trust (LCCI CET) to conduct research into the interaction between SMEs and higher education institutions The project findings are currently being tested through an innovation voucher scheme in conjunction with the University of Greenwich, and c) undertook consultancy work on behalf of Croydon Council researching the scale of unmet and future need for locally-delivered HE in the London Borough of Croydon We reviewed this programme in early 2012 and in the light of diverging outputs we will be ending the HEFCE-funded programme in due course and re-launching the programme with revised objectives in 2012-2013
- 29 **London Medicine.** During the year we a) developed a new website called London Life Science, with the aim of establishing a community of life science practitioners built around a shared interest in the facilities and services available in, and from, London's HEIs, b) hosted a seminar in Brussels on Horizon 2020, the European Union's newly proposed research funding framework, 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) hosted (in partnership with the Healthcare Education Group) two breakfast briefings for members on the NHS reforms, e) met with the Mayor's Advisor for Health and Families to showcase the profile, and work of, London's medicine schools with the Mayor's office, f) conducted an independent review of London Medicine to assure members that the initiative was adding sufficient value and meeting its objectives, and g) welcomed visitors from over 92 different countries to the London Medicine website
- 30 **AccessHE.** During the year we a) launched the AccessHE initiative to assist members to meet their Access Agreements through a wide range of meetings and tools AccessHE currently works with 27 Partner HEIs in

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

London and 7 outside London, b) set up Action Forums to share best practice and develop collaborative solutions in areas of pan-London access priority, c) set up the London Access Data Service which is the most comprehensive bank of data available focused specifically on supporting practitioners in widening access working in London, d) initiated the 10 10 project which gives HEIs the opportunity to work with a pan-London cohort of over 250 Year 10 pupils from under-represented background who have the potential to achieve AAB+ at Level 3, and e) are leading on the delivery of a £150,000 national project to scope and develop the involvement of third sector organisations in the delivery of HE STEM related activity

- 31 **Study London** During the year we a) transferred our activities to London and Partners under licence from London Higher, b) hosted our annual international student's reception at City Hall with the Deputy Mayor of London, c) attracted 830,000 unique users to our website, and d) replaced our paper based *Insight* magazine with a monthly online study guide
- 32 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

- 33 This has been our third Financial Year as a company limited by guarantee
- 34 **Audited Accounts.** Audited accounts for the year ended 31 March 2012 show that London Higher received income of £1.75m and expended £1.9m, leaving a deficit for the year of £165k. This deficit (£165k) relates to exceptional revenue costs associated with the organisation's relocation in late March 2012 and the transfer out of Study London's funds to London and Partners following their transfer to that organisation, as shown in note 12 to the financial statements. In addition, the Trustees agreed to hold members' contributions at the same reduced rates as the previous year which again resulted in a reduction of incoming resources of £94k. We continue to seek ways to reduce operating costs and anticipate these savings will be manifest next year.
- 35 **Carry-over.** The charity continues to move 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 therefore reduced as anticipated in the year under review.
- 36 **Reserves Policy.** Our free Reserves at 31 March 2012 stand at £247K, 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.
- 37 **Financial Plan.** For the 2012-13 financial year we are predicting income of c £1.5m. In March 2012 we circulated a costed Operational Plan for 2012-13 to all members which indicates how this money will be disbursed.

### PLANS FOR 2012-13

- 38 **Strategies for the year. Operational Plan.** Our Operational Plan details our planned activities for the coming year. We propose to deliver over £300,000 of top priority initiatives (not related to administration) across a range of areas, circa £246,000 of this sum pertains to new initiatives. These include

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

- 1) Running Games time events during the 2012 Olympic and Paralympic Games,
- 2) New research demonstrating the value of London's life science HE,
- 3) Developing an exciting initiative aimed at changing the narrative for HE,
- 4) Stimulating new work in promoting access to STEM subjects,
- 5) Refocusing our Workforce Development offering for London HEIs and partners

- 39 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

- 40 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 )
- 41 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
- 42 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
- 43 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

## London Higher

### REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

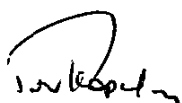
- in all material respects income from HEFCE, grants and income for specific purposes and from other restricted funds administered by London Higher have been applied only for the purposes for which they were received

#### AUDITORS

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

#### APPROVAL

- 44 *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 XV of the Companies Act 2006 relating to small entities
- 45 *Resolution* Approved by the London Higher Board of Trustees on **20 September 2012** and signed on its behalf by



**Professor Peter Kopelman**  
**Vice 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 2012 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 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 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 charitable company and its 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 2012 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, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



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

Date 20 September 2012

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 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Membership contributions	3	389,150	100,500	489,650	472,633
<i>Charitable activities</i>					
Grants	4	37,500	842,374	879,874	862,375
Other incoming resources	4	2,522	379,997	382,519	109,818
<b>Total Incoming Resources</b>		<b>429,172</b>	<b>1,322,871</b>	<b>1,752,043</b>	<b>1,444,826</b>
<b>Resources Expended</b>					
Charitable activities	5	506,446	1,399,921	1,906,367	1,714,420
Governance costs	6	11,335	-	11,335	16,436
<b>Total Resources Expended</b>		<b>517,781</b>	<b>1,399,921</b>	<b>1,917,702</b>	<b>1,730,856</b>
<b>Net (Outgoing)/Incoming Resources before transfers</b>	2	<b>(88,609)</b>	<b>(77,050)</b>	<b>(165,659)</b>	<b>(286,030)</b>
Transfers between funds	12	25,174	(25,174)	-	-
<b>Net (Expenditure)/Income for the Year</b>		<b>(63,435)</b>	<b>(102,224)</b>	<b>(165,659)</b>	<b>(286,030)</b>
<b>Reconciliation of Funds</b>					
Total funds at 1 April 2011		383,954	503,435	887,389	1,173,418
<b>Total Funds at 31 March 2012</b>		<b>320,519</b>	<b>401,211</b>	<b>721,730</b>	<b>887,389</b>

The notes on pages 16 to 22 form part of these accounts

# London Higher

## Balance Sheet as at 31 March 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>	<b>8</b>	<u>53,399</u>	<u>-</u>
<b>Current Assets</b>			
Debtors	<b>9</b>	196,746	239,510
Cash at bank and in hand		573,174	857,329
		<u>769,920</u>	<u>1,096,839</u>
<b>Creditors amounts falling due within one year</b>	<b>10</b>	<u>(101,589)</u>	<u>(209,450)</u>
<b>Net Current Assets</b>		668,331	887,389
<b>Net Assets</b>		<u><u>721,730</u></u>	<u><u>887,389</u></u>
<b>Funds</b>			
Unrestricted		320,519	383,954
Restricted	<b>12</b>	401,211	503,435
	<b>12</b>	<u><u>721,730</u></u>	<u><u>887,389</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 20 September 2012 and signed on its behalf by



**Professor Peter Kopelman**  
Trustee

Company number 5731255

The notes on pages 16 to 22 form part of these accounts



# London Higher

## Notes to the accounts for the year ended 31 March 2012

### 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) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets on a straight line basis to write off the cost, less estimated residual value, over their expected useful lives as follows:

IT equipment	4 years
Fixtures and fittings	4 years
Furniture	4 years

The charity's capitalisation policy is for any item over £1,000.

#### f) Operating Leases

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

#### g) 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.

#### h) Pension scheme

The institution 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 trustee-administered fund. 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.

## London Higher

### Notes to the accounts for the year ended 31 March 2012

#### 2 Net incoming resources

This is stated after charging	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Auditors Remuneration (including VAT)	9,180	8,904
Operating lease rentals	<u>133,349</u>	<u>138,136</u>

#### 3 Incoming resources from generated funds

	Unrestricted £	Restricted £	2012 £	2011 £
London Higher member contributions	316,750	-	316,750	332,300
London Medicine contributions	-	100,500	100,500	140,333
London partners	72,400	-	72,400	-
	<u>389,150</u>	<u>100,500</u>	<u>489,650</u>	<u>472,633</u>

#### 4 Incoming Resources from charitable activities

	Unrestricted £	Restricted £	2012 £	2011 £
Grants Received				
HEFCE	37,500	600,000	637,500	432,275
LDA	-	-	-	179,000
SFA	-	125,000	125,000	125,000
DFE	-	-	-	126,100
STEM-Wales	-	10,000	10,000	-
STEM-Bath	-	78,000	78,000	-
Other grants	-	29,374	29,374	-
	<u>37,500</u>	<u>842,374</u>	<u>879,874</u>	<u>862,375</u>
Other income				
Funds from University of Westminster(WECAN)	-	200,000	200,000	-
Advertising	2,200	-	2,200	68,700
Other income	322	179,997	180,319	41,118
	<u>2,522</u>	<u>379,997</u>	<u>382,519</u>	<u>109,818</u>
	<u>40,022</u>	<u>1,222,371</u>	<u>1,262,393</u>	<u>972,193</u>

#### 5 Analysis of Charitable expenditure

	Direct Costs £	Support Costs £	2012 £	2011 £
London Higher	380,881	100,761	481,642	582,341
Study London	144,055	9,700	153,755	241,291
Podium	310,083	48,897	358,980	283,712
Business Development Unit	377,130	37,159	414,289	373,737
London Medicine	78,163	11,410	89,573	114,516
Schools and HE	45,473	8,225	53,698	118,822
Case for London	114,821	26,125	140,946	-
<u>Exceptional items</u>				
Office relocation costs	68,283	-	68,283	-
Transfer of Study London funds to London Partners	145,201	-	145,201	-
	<u>1,664,090</u>	<u>242,277</u>	<u>1,906,367</u>	<u>1,714,420</u>

# London Higher

## Notes to the accounts for the year ended 31 March 2012

### 5 Analysis of Charitable expenditure (continued)

Support Costs	2012 £	2011 £
Travel & Subsistence	9,059	8,538
Catering & Hospitality	7,768	12,324
Postage & Courier	2,970	2,450
Telephone	11,396	5,182
IT Costs & Website Development	39,992	39,786
General Office Costs	9,619	10,663
Staff Costs	12,970	8,346
Accountancy and Professional fees	43,035	49,508
Rent	104,153	98,867
Bank Charges	1,315	1,645
	<b>242,277</b>	<b>237,309</b>

### 6 Governance costs

	2012 £	2011 £
Audit fees	9,180	8,904
Salaries	2,155	7,532
	<b>11,335</b>	<b>16,436</b>

### 7 Analysis of staff costs

	2012 £	2011 £
Wages and salaries	787,833	735,851
Social security costs	70,731	61,562
Pension costs	117,650	114,760
Recruitment expenses	2,155	7,532
	<b>978,369</b>	<b>919,705</b>

The average number of employees was

	2012 No	2011 No
London Higher	4	4
Study London	-	2
Podium	3	3
Business Development Unit	2	3
London Medicine	1	1
Schools and HE	1	1
AccessHE	3	-
Case for London	1	1
	<b>15</b>	<b>15</b>

During the year there were four employees who received emoluments exceeding £60,000 and to whom retirement benefits are accruing under a defined benefits scheme. They fall into the following remuneration brackets

	2012 No	2011 No
£60,000 - £70,000	1	1
£70,000 - £80,000	1	1
£80,000 - £90,000	-	1
£100,000 - £110,000	2	1

No trustee received remuneration or reimbursement for expenses during the year

## London Higher

### Notes to the accounts for the year ended 31 March 2012

#### 8 Tangible Fixed Assets

	IT equipment	Fixtures & Fittings	Furniture	Total
Cost	£	£	£	
At 1st April 2011	-	-	-	-
Additions	8,947	29,735	14,717	53,399
At 31st March 2012	<u>8,947</u>	<u>29,735</u>	<u>14,717</u>	<u>53,399</u>
<b>Depreciation</b>				
At 1st April 2011	-	-	-	-
Charge for the year	-	-	-	-
At 31st March 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Book Value</b>				
At 31st March 2012	<u>8,947</u>	<u>29,735</u>	<u>14,717</u>	<u>53,399</u>
At 31st March 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 9 Debtors

	2012 £	2011 £
Trade debtors	39,050	27,825
Prepayments	-	16,575
Other debtors	157,696	195,110
	<u>196,746</u>	<u>239,510</u>

#### 10 Liabilities Amounts falling due within one year

	2012 £	2011 £
Trade creditors	33,691	142,720
Accruals and deferred income	50,095	64,220
Other creditors	17,803	2,510
	<u>101,589</u>	<u>209,450</u>

#### 11 Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	53,399	-	53,399
Debtors	71,746	125,000	196,746
Cash at bank and in hand	246,963	326,211	573,174
Creditors	<u>(51,589)</u>	<u>(50,000)</u>	<u>(101,589)</u>
<b>Total Funds</b>	<u>320,519</u>	<u>401,211</u>	<u>721,730</u>

# London Higher

## Notes to the accounts for the year ended 31 March 2012

### 12 Movement on Funds

	Brought forward at 01/04/2011 £	Incoming £	Outgoing £	Transfers £	Carried forward at 31/03/2012 £
<b>Restricted Funds</b>					
Study London	209,255	73,000	(298,956)	16,701	-
PODIUM	162,801	348,142	(367,941)	(12,600)	130,402
London Workforce Development	34,812	468,569	(423,464)	8,100	88,017
London Medicine	32,192	122,500	(96,075)	(18,600)	40,017
Schools and HE	64,375	-	(53,698)	(7,075)	3,602
Access HE	-	310,660	(159,787)	(11,700)	139,173
	<u>503,435</u>	<u>1,322,871</u>	<u>(1,399,921)</u>	<u>(25,174)</u>	<u>401,211</u>
<b>Unrestricted funds</b>					
London Higher	120,720	429,172	(517,781)	41,875	73,986
Reserve Funds	263,234	-	-	(16,701)	246,533
	<u>383,954</u>	<u>429,172</u>	<u>(517,781)</u>	<u>(16,701)</u>	<u>320,519</u>
<b>Total Funds</b>	<u><b>887,389</b></u>	<u><b>1,752,043</b></u>	<u><b>(1,917,702)</b></u>	<u><b>-</b></u>	<u><b>721,730</b></u>

*Reserve Funds* this balance of £246,533 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* was 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. During the 2011-12 financial year, the project transferred to London and Partners under licence, resulting in a transfer of £145,201 to London and Partners for the running of the project.

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

*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 to promote the regional, national and international contributions made by London's Medical Schools.

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

*AccessHE* is a Pan London organisation enabling provision of support for young people from disadvantaged backgrounds to enter Higher Education.

### 13 Operating Lease Commitments

	2012 £	2011 £
Land and buildings held under operating leases which expire in		
One to two years	10,397	-
Two to five years	36,143	98,867
Other equipment held under operating leases which expire in		
Two to five years	2,193	41,494
<b>Total operating lease commitments</b>	<u><b>48,733</b></u>	<u><b>140,361</b></u>

## London Higher

### Notes to the accounts for the year ended 31 March 2012

#### 14 Taxation

London Higher is exempt from tax on income and gains falling within sections 466-493 of the Corporation Taxes Act 2010 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.

#### 15 Pension Scheme

The institution 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, 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 2011. This was the second valuation for USS under the 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 2012 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 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and 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 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

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 CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% 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 2012

#### 15 Pension Scheme (continued)

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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded, on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% 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 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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 but 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.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

##### *New Entrants*

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

##### *Normal pension age*

The Normal pension age was increased for future service and new entrants, to age 65.

##### *Flexible Retirement*

Flexible retirement options were introduced.

##### *Member contributions increased*

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

##### *Cost sharing*

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

##### *Pension increase cap*

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

## London Higher

### Notes to the accounts for the year ended 31 March 2012

#### 15 Pension Scheme (continued)

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.

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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.

The trustees believe 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 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 ten years or more.

At 31 March 2012, USS had over 145,000 active members and London Higher had 15 active members participating in the scheme.

The total pension cost for the institution was £117,650 (2011: £114,760). There are no prepaid or outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.