



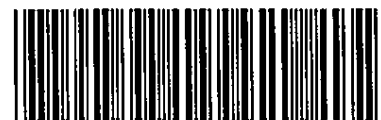
London Higher
(A company limited by guarantee)

Trustees Report 2009-2010

***Report and Financial Statements for the Year
Ended 31 March 2010***

Charity Number 1114873
Company Number 5731255

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London Higher
A Company Limited by Guarantee

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London Higher

Trustees Report for the Year ended 31 March 2010

Reference and Administrative Information

Charity name	London Higher
Charity Registration Number	1114873
Company Registration Number	5731255
Registered and Operational address	Senate House Malet Street London WC1E 7HU

Board of Trustees

Elected trustees

Professor David Latchman (Chair)	Birkbeck, University of London
Professor Anthony Bowne (Appt Sept 2009)	Trinity Laban Conservatoire of Music & Dance
Professor Malcolm Gillies (resigned Sept 2009, re-appt Jan 2010)	London Metropolitan University
Professor Barry Ife CBE (Appt Sept 2009)	Guildhall School of Music & Drama
Professor Geoffrey Petts	University of Westminster
Barbara M Stephens OBE (Appt Sept 2009)	Open University (London Region)
Professor Martin Everett (resigned Sept 2009)	

Co-opted trustees

Professor Pat Hughes	St George's, University of London
Richard Sumray MBE	Chair, London 2012 Forum

Observers (not trustees)

John Attree	Director of Skills & Olympics Programmes, London First
Steven Evans	Director of Product Development, LDA
Derek Hicks	HEFCE Regional Consultant

Senior Management Team

Jane Glanville	Chief Executive Officer
Michael Reynier	Deputy CEO & Head, Case for London HE
Ralph Blunden	Head, <i>London Higher</i> Business Development
Kevin McCarthy	Head, Study London
Gareth Smith	Head, Podium

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Trustees Report for the Year ended 31 March 2010

Advisors to the Company

Bankers	Royal Bank of Scotland Group (Education Sector), Commercial banking, 3rd Floor, Cavell House, 21 Charing Cross Road, London, WC2H 0NN
Auditors	Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD
Legal Advisors	Bates, Wells and Braithwaite, Scandinavian House, 2-6 Cannon Street, London, EC4M 6YH

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 the London Higher has two co-opted Trustees. In addition London Higher Trustees invite observers from a limited number of key stakeholder organizations. 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 Unit 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 London* which aims to create a robust evidence-base pertaining to, and in support of, HE in London,
 - *Study London*, promoting 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 Higher Business 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

London Higher

Trustees Report for the Year ended 31 March 2010

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 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 organization. London Higher does not seek to influence policy at the Government level, rather it aims to devise and implement policy implementations that reflect the 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 Broad of Trustees.
- 10 In addition, the Mayor of London (GLA) and his executive, the London Development Agency (LDA), have interests in higher education as it pertains to the capital. London Higher maintains

links with both. A representative of the LDA is an observer on the London Higher Broad of Trustees.

- 11 London Higher convenes the *London HE Forum* which, in addition to representatives from HEFCE, the GLA and the LDA, 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 organization and, where appropriate, requires the Executive to take action in mitigation. London Higher is establishing a central Risk Register and we are undergoing the Investors in People scheme. Our policies governing risks are included in our Staff Handbook and most are available on our website.

Objectives and Activities for the Public Benefit

- 13 *Our Vision* Our strategic reference is the *Vision & Excellence* statement (available on our website) that sets out the long-term objective, agreed by all London-based HEIs, to establish London as the 'Knowledge Capital of the World'. This statement is restated in the current three-year *Business Plan* (2008-9 to 2010-11).
- 14 *Our Mission*, set out in our *Memorandum and Articles of Association*, is to "promote education, particularly higher and further education in the London region,"
- 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 fulfill our mission in two broad ways

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Trustees Report for the Year ended 31 March 2010

- a) collecting and researching data on higher education in the capital, and by
- b) advocating, on behalf of our members, the case for London's HE

17 *Success Criteria* We define success as

- a) Key stakeholders understand and value the contributions made by London's HE group,
- b) The substantial social and economic benefits of London's HEs are effectively translated into tangible benefits for London, the UK and internationally,
- c) All London schools have active and productive links with all London HEs,
- d) London maintains and grows its position as a destination for international education,
- e) London (and UK) HEs are substantive contributors to the 2012 Games,
- f) Employers work closely with London HEs to deliver higher level skills training to more of their staff,
- g) Understand the benefits of London's specializing in health and healthcare are advocating, on behalf of our members, the case for London's HE

18 *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

19 In this section we give summaries of some of the main activities each of our divisions has undertaken during the past year

20 *Case for London* During the year we a) convened twelve advisory groups that brought together our HE members and key stakeholders to discuss emerging issues in the areas of Research, Europe, Healthcare and HE in London, b) commissioned research into collaborative and contract research and the economic impact of HEI engagement with

the European agenda, c) supported the *London Health* conference in November 2009, d) produced *London HE – Part of the Solution*, a briefing for Sir Alan Langlands, CEO of HEFCE, e) organized a consultation between our creative and cultural HE members and the Mayor's advisor on arts and culture at the Royal Society for the Arts to inform the Mayor's Cultural Strategy, f) ran a workshop in October 2009 with HEFCE and member HEs to discuss key issues on the application and consequences of WP funding formulae for London, g) produced a series of fact sheets summarizing key data sets for the London HE group and, in many cases, providing trend and inter-regional comparisons

21 *Study London* During the year we a) published four editions of our international student magazine *insight*, with feature articles in business and finance, the creative arts, science and technology, and health and public policy, b) added a course enquiry function to our website which allows students to create a profile, search for courses and contact universities about specific courses they are interested in studying, c) sponsored London student recruitment and alumni events in three locations in Brazil, d) sponsored a competition for a Brazilian student to travel to London for a week, e) managed an online media campaign aimed at the international student market in key countries such as China, India and the United States, f) were a member of a working group to establish a brand identity for London.

22 *Podium* During the year we a) run 20 conferences, regional workshops and events in the last year across England and Wales. The free-of-charge events have sought to inform those working in Further and Higher Education about the opportunities emanating from London 2012 and showcase best practice in Games related work across both sectors, b) a series of 10 regional conferences attended by more than 700 delegates, Podium has held a number of

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thematically focused events and workshops looking at specific issues around the Games including technology, volunteering, catering, security and Pre Games Training Camps, c) re-launched our website with new interactive items including a blog section featuring key London 2012 stakeholders such as Tessa Jowell MP, the former Minister for the Olympics, d) produced two editions of *Spotlight* magazine which features case studies and opportunities from every region in the country, across a broad range of topics including, sport, volunteering, culture, science and research, e) worked with LOCOG, universities and colleges to ensure that staff and students are best placed to be amongst the 70,000 volunteers required at Games-time

23 *London Business Development* During the year we a) completed a successful scoping study consulting with over 40 individuals across thirty organizations to test the initial assumptions of the LHBD, b) Conducted an extensive search and selection process, for which the assistance of a professional agency was commissioned, to appoint a suitably qualified and skilled individual to the post of Unit Head, c) commissioned research to gather information on the Higher Level Skills market in London, d) compiled information for the Government and other national stakeholders on how the HE sector in London is responding to the economic downturn

24 *SHELL* During the year we a) created an online SHELL Directory to guide schools on how to make contact with London's HEIs, b) ran a conference at the Queen Elizabeth II Conference Centre in Westminster for schools, HEIs, local authorities and charitable and research bodies, c) facilitated a discussion across our core informants in schools liaison, widening participation and outreach, e) hosted a discussion on London findings from a series of HEFCE-funded investigations of school-HE links.

25 *London Medicine* During the year we a) organized three meetings with high profile guest speakers from the sector, b) surveyed our members and key stakeholders to identify the current issues for medical, dental and pharmaceutical research and education and the key messages and methods the Group wishes to employ to promote itself, c) set up a joint working group with members from *London Medicine* and the *Healthcare Education Group* to take forward initiatives that will be representative of all aspects of London's large and diverse healthcare higher education sector

26 More details of these activities are presented in our *Annual Report* to members which can be downloaded from our website <http://www.londonhigher.ac.uk/annualreports.html>

Financial Review

27 This has been our first full Financial Year as a company limited by guarantee. We have been ably assisted in running the new company accounts by our accountants Kingston Smith and together we have spent much of the year developing and flexing systems to fit our particular business model

28 *Audited Accounts* Audited accounts for the year ended March 2010 show that *London Higher* received income of £2.4m and disbursed £1.5m, leaving a surplus of £871,658

29 *Carry-over* We have notified grantees of any substantial underspend against grant and expect to carry-over surplus from 2009-10 into 2010-11

30 *Reserves Policy* We have agreed deductions of £126,490 to bring our free Reserves to £278,234, 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

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Trustees Report for the Year ended 31 March 2010

to cover in-year delays in grant payment or moderate reductions in grant forecast

- 31 *Financial Plan* For the 2010-11 financial year we are predicting income of c £2.4m. In March 2010 we circulated a costed Operational Plan for 2010-11 to all members which indicates how this money will be disbursed

Plans for 2010-11

- 32 *Strategies for the year* Our Operational Plan sets out how we envisage meeting our goals. There are seven specific strategies we employ: a) maintaining an up-to-date and robust evidence base on HE in London, b) responding to emerging priorities on behalf of the HE group, c) stimulate collaboration to address themes specific to sub-sets of the London HE group, d) advocate, promote and lobby on behalf of the group, e) ensure London Higher is properly managed, f) engage the HE membership in strategic decision making, g) ensure our outputs are robust, professional and accurate

- 33 *Operational Plan* Our Operational Plan details our planned activities for the coming year. We propose to deliver over £480,000 of top priority initiatives (not related to administration) across a range of areas. These include:

- Publishing an updated economic impact study for London HE and promoting the diverse contributions of London HEIs to our key stakeholders in the post-election period,
- Setting up an active and 'live' evidence base in support of London's health and healthcare HE group,
- Developing and launching a campaign strategy to promote HE services to business and securing HE-Business contracts for training & HLS delivery,
- Developing sponsored overseas

recruitment events for international students,

- Hosting a London 2012 Training Camps Conference,
- Setting up a permanent advisory group representing London's creative and cultural HE group with a remit to develop impact methodologies

- 34 The full Operational Plan is published on the London Higher website at <http://www.londonhigher.ac.uk/annualreports.html>

Statement of Trustees' Responsibilities

- 35 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)

- 36 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,

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Trustees Report for the Year ended 31 March 2010

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

to establish that the auditor is aware of that information

Auditors

37 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

Kingston Smith LLP were appointed auditors to the charity during this first accounting period and have indicated their willingness to continue in office. They are deemed reappointed for the forthcoming year in accordance with the provisions of the Companies Act 2006

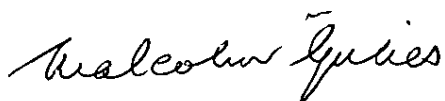
Approval

38 In so far as the trustees are aware

- there is no relevant audit information of which the charity's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and

39 *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

40 *Resolution* Approved by the London Higher Board of Trustees on **29 September 2010** 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 2010 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

The trustees' (who are also the directors of the company for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

London Higher

Independent Auditors' Report to the Members of London Higher

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements

Kingston Smith LV

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

Date *30 September 2010*

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 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Membership income	3	426,000	230,167	656,167	-
<i>Charitable activities</i>					
Grants	4	37,500	960,870	998,370	-
Other incoming resources	4	3,600	59,936	63,536	-
Funds transferred from previous operations	2	321,196	664,521	985,717	-
Total Incoming Resources		788,296	1,915,494	2,703,790	-
Resources Expended					
Charitable activities	5	501,589	976,843	1,478,432	-
Governance costs	6	51,940	-	51,940	-
Total Resources Expended		553,529	976,843	1,530,372	-
Net Incoming Resources before transfers	2	234,767	938,651	1,173,418	-
Transfers between funds	11	186,768	(186,768)	-	-
Net income for the year		421,535	751,883	1,173,418	-
Reconciliation of funds					
Total funds at 1 April 2009		-	-	-	-
Total funds at 31 March 2010		421,535	751,883	1,173,418	-

The notes on pages 13 to 20 form part of these accounts

London Higher

Balance Sheet as at 31 March 2010

	Note	2010 £	2009 £
Current Assets			
Debtors	8	338,804	-
Cash at bank and in hand		931,929	-
		<u>1,270,733</u>	<u>-</u>
Creditors amounts falling due within one year	9	(97,315)	-
Net Current Assets		1,173,418	-
Net Assets		<u>1,173,418</u>	<u>-</u>
Funds			
Unrestricted		421,535	-
Restricted	15	751,883	-
	16	<u>1,173,418</u>	<u>-</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 applicable to smaller entities

Approved by the Trustees and authorised for issue on 29 September 2010 and signed on its behalf by

Malcolm Grier

(Signatory)

Company number 5731255

The notes on pages 13 to 20 form part of these accounts

London Higher

Notes to the accounts for the Year ended 31 March 2010

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 Society 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 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) Pension Costs

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 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 is set. London Higher 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.

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.

London Higher

Notes to the accounts for the Year ended 31 March 2010

2 Net incoming resources

This is stated after charging	2010 £	2009 £
Auditors Remuneration (including VAT)	8,460	-
Operating lease rentals	109,090	-
and after crediting		
Exceptional Item	<u>985,717</u>	<u>-</u>

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

3 Incoming resources from generated funds

	Unrestricted £	Restricted £	2010 £	2009 £
London Higher contributions	426,000	-	426,000	-
London Medicine contributions	-	130,167	130,167	-
Business development unit contributions	-	100,000	100,000	-
	<u>426,000</u>	<u>230,167</u>	<u>656,167</u>	<u>-</u>

4 Incoming Resources from charitable activities

	Unrestricted £	Restricted £	2010 £	2009 £
Grants Received				
HEFCE	37,500	609,200	646,700	-
LDA	-	93,670	93,670	-
LSC	-	125,000	125,000	-
DSCF	-	133,000	133,000	-
Other income				
Advertising	3,600	59,936	63,536	-
	<u>41,100</u>	<u>1,020,806</u>	<u>1,061,906</u>	<u>-</u>

5 Analysis of Charitable expenditure

	Direct Costs £	Support Costs £	2010 £	2009 £
London Higher	432,816	61,626	494,442	-
Study London	239,473	88,893	328,366	-
Podium	197,068	51,234	248,302	-
Business Development Unit	167,689	26,025	193,714	-
Schools and HE	82,313	25,863	108,176	-
London Medicine	50,462	7,101	57,563	-
Case for London	-	47,869	47,869	-
	<u>1,169,821</u>	<u>308,611</u>	<u>1,478,432</u>	<u>-</u>

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Notes to the accounts for the Year ended 31 March 2010

Support Costs		2010	2009
		£	£
Travel & Subsistence		19,884	-
Catering & Hospitality		9,204	-
Postage & Courier		6,864	-
Telephone		2,827	-
IT Costs & Website Development		120,913	-
General Office Costs		8,162	-
Staff Costs		9,949	-
Legal and Professional		41,782	-
Accountancy		16,688	-
Rent		71,602	-
Bank Charges		738	-
		<u>308,611</u>	<u>-</u>
6	Governance costs	2010	2009
		£	£
	Audit fees	8,460	-
	Salaries	43,480	-
		<u>51,940</u>	<u>-</u>
7	Analysis of staff costs	2010	2009
		£	£
	Wages and salaries	561,973	-
	Social security costs	48,358	-
	Pension costs	74,131	-
	Recruitment expenses	61,431	-
		<u>745,893</u>	<u>-</u>

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

	2010	2009
	No	No
£60,000 - £70,000	1	-
£70,000 - £80,000	1	-
£120,000 - £130,000	1	-

No trustee received remuneration or reimbursement for expenses during the year

London Higher

Notes to the accounts for the Year ended 31 March 2010

	2010 No	2009 No
The average number of employees was	11	-
this is split as follows		
London Higher	4	-
Case for London	1	-
Study London	2	-
Podium	3	-
Schools and HE	1	-
	<u>11</u>	<u>-</u>
8 Debtors		
	2010 £	2009 £
Trade debtors	29,200	-
Prepayments and accrued income	3,931	-
Other debtors	305,673	-
	<u>338,804</u>	<u>-</u>
9 Liabilities. Amounts falling due within one year		
	2010 £	2009 £
Trade creditors	52,057	-
Accruals	33,278	-
Other taxes & social security costs	4,221	-
Other creditors	7,759	-
	<u>97,315</u>	<u>-</u>
10 Operating Lease Commitments		
Land and buildings held under operating leases which expire in	2010 £	2009 £
Two to five years	94,656	-
Other equipment held under operating leases which expire in	2010 £	2009 £
Two to five years	27,738	-

London Higher

Notes to the accounts for the Year ended 31 March 2010

11 Movement in Funds

Restricted Funds

	Transfer of opening reserves £	Incoming £	Outgoing £	Transfers £	C/fwd at 31 March 2010 £
Study London	359,480	141,260	(331,664)	7,000	176,076
PODIUM	237,442	309,106	(248,301)	(24,500)	273,747
Business Development Unit	19,212	500,000	(193,717)	(136,769)	188,726
London Medicine	-	130,167	(57,563)	(28,000)	44,604
Schools and HE	48,387	133,000	(108,158)	(4,499)	68,730
Case for London	-	37,440	(37,440)	-	-
	<u>664,521</u>	<u>1,250,973</u>	<u>(976,843)</u>	<u>(186,768)</u>	<u>751,883</u>
Unrestricted Funds					
London Higher	<u>321,196</u>	<u>467,100</u>	<u>(553,529)</u>	<u>186,768</u>	<u>421,535</u>
Total Funds	<u>985,717</u>	<u>1,718,073</u>	<u>(1,530,372)</u>	<u>-</u>	<u>1,173,418</u>

Within unrestricted funds, reserves of £151,743 are 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. The Study London recharge has been netted against a contribution of £20k from London Higher for the Study London project.

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. The Unit has a national remit and is funded by HEFCE, HEFCW and the LSC. The deficit on this fund will be cleared by funding from HEFCE that London Higher have received confirmation of after the year end.

The London Higher Business Development Unit 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.

Case for London aims to create an ongoing and robust evidence-base in support of Higher Education in London.

London Higher

Notes to the accounts for the Year ended 31 March 2010

12 Related Party Transaction

A trustee of London Higher (Professor David Latchman) is also a on the Board of LDA, London Higher received £93,670 of grant funding from LDA during the course of the year

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 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 a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 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

Standard mortality tables were used as follow

Male members' mortality	PA92 MC YoB tables - rated down 1 year
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Female members' mortality	PA92 MC YoB tables - No age rating
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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

London Higher

Notes to the accounts for the Year ended 31 March 2010

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.

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 (i.e. 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. There is currently uncertainty in the sector regarding pay growth. 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 institution 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, agreed to increase 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 at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the two 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).

On the FRS17 basis, using a AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

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 are set out below.

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

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Notes to the accounts for the Year ended 31 March 2010

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 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 ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2010, USS had over 135,000 active members and London Higher had 12 active members participating in the scheme.

The total pension cost for London Higher was £74,131. The contribution rate payable by the institution was 14% of pensionable salaries, this increased to 16% in October 2009.