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LONDON HIGHER
(A company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

Charity Number: 1114873
Company Number: 5731255

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COMPANIES HOUSE

LONDON HIGHER

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

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LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

Auditors	haysmacintyre 26 Red Lion Square London WC1R 4AG
Bankers	Royal Bank of Scotland Group (Education Sector) Commercial Banking 3 rd Floor, Cavell House 21 Charing Cross Road London WC2H ONN
Legal Advisors	Bates, Wells and Braithwaite Scandinavian House 2-6 Cannon Street London EC4M 6YH
Registered office	London Higher Tavistock House Tavistock Square London WC1H 9JJ
Company Registration Number	5731255
Charity Registration Number	1114873
Company Secretary	Michael Reynier

LONDON HIGHER SENIOR MANAGEMENT TEAM

Jane Glanville	Chief Executive Officer
Michael Reynier	Deputy CEO & Head, Case for HE
Graeme Atherton	Head of AccessHE and NEON
Neville Riley	Office Manager

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

BOARD OF TRUSTEES

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

Professor Peter John, **Vice Chancellor**
University of West London

Professor Paul Layzell, **Principal**
Royal Holloway, University of London

Professor Veronica Lewis MBE, **Principal**
The Conservatoire for Dance and Drama

Patrick Loughrey, **Warden** (Vice Chair of London Higher)
Goldsmiths

Professor David Maguire, **Vice-Chancellor**
University of Greenwich

Professor Geoffrey Petts, **Vice-Chancellor** (Chair of London Higher)
University of Westminster

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

CO-OPTED TRUSTEES

Professor Deborah Gill, **Head of the medical School, University College London**

Professor Sir Adrian Smith, **Vice-Chancellor**
University of London

OBSERVERS FROM STAKEHOLDER ORGANISATIONS

Derek Hicks (London Regional Consultant)
Higher Education Funding Council for England

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

The Trustees are pleased to present their report together with the financial statement of the charity for the year ended 31 July 2016.

STRUCTURE, GOVERNANCE AND 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 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 one observer.
4. **Trustee Induction & Training.** Member Trustees are familiar with the practical elements of the company as higher education institutions (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.
5. **Sub committees.** London Higher has a Finance Committee and a Remuneration Committee. The Finance Committee reviews the financial activity of the organisation by 5.1. Monitoring London Higher's performance against budget; 5.2. Advising, supporting and by being a resource for the Head of Finance in overseeing the company's finances; 5.3. Ensuring that the financial elements of the organisation are in accordance with its vision, mission, and strategic plan; 5.4. Advising the board on the financial condition of the organisation and 5.5. Reviewing the company's Financial Regulations. The function of the Remuneration Committee are to 5.6. Determine and agree with the London Higher Board the broad policy for the remuneration of London Higher staff; 5.7 Have delegated authority to set individual remuneration arrangements for the most senior London Higher staff including the CEO; 5.8 Recommend, monitor and note the level and structure of remuneration for London Higher staff.
6. **Structure of the Executive.** The Executive is divided into four business divisions. These are listed below together with their primary functions. 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 Chief Executive, Deputy Chief Executive and Office Manager meet as a Senior Management Team (SMT) every six weeks.
7. **Business Divisions of London Higher:**
 - *London Higher Core*, Executive, Administration, Human Resources, Case for HE, London Higher Europe and Special Projects;
 - *London Medicine & Healthcare*, bringing together London's schools of medicine, dentistry, healthcare and clinical academic institutions;
 - *AccessHE*, Pan-London organisation enabling provision of support for young people from disadvantaged backgrounds to enter Higher Education
 - *NEON*, a national organisation supporting professionals involved in widening access to HE.
8. **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 are responsible for delivering these initiatives on a day to day basis. The SMT monitors progress and each quarter Trustees are given a written Progress Report. In addition any expenditure or income over £10,000, whether agreed in the Operational Plan or not, must be approved by the Board.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

9. **Higher Education Institutions (HEIs).** Publicly 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.
10. **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 independent providers (including private providers and not-for-profit providers).
11. **Related Parties.** The policy landscape for higher education is currently set by the Department for Education (with some input from the Department of Business, Energy & Industrial Strategy and the Department for Health), 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 with HEFCE on a number of initiatives. The HEFCE London Regional Consultant is an observer on the London Higher Board of Trustees.
12. Additionally, the Mayor of London, the Greater London Authority (GLA) and the London Enterprise Panel (LEP) have interests in higher education as it pertains to the capital. London Higher maintains links with each.
13. **Risk Management.** London Higher maintains a Risk Register which ranks the key risks to which the organization is exposed, their likely impact and our proposed responses to them. The Risk Register is a standing item on all Board Agendas and at each meeting one risk is examined in detail by the Board. The Risk register is also a standing item at all SMT meetings. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level. A Risk Register table is on page 5.

The principal risks and uncertainties identified by the charity are as follows:

Risk Register				
No.	Risk	Risk Area	Consequence	Mitigation
1	Members leave or do not make contributions	Financial	Reduced services to members and/or reduced staff level.	CE has 1:1 meetings with all member to inform them of benefits and to receive feedback.
		Reputational	Damage to reputation (London Higher & Board) and our ability to do lobbying/advocacy & provide services.	Provide excellent quality services that our members need.
2	London Higher fails to comply with a grant or project or is otherwise pursued for compensation related to quality of its work	Financial	Damages/ reparations could impact on financial stability.	Careful contract management: i) Regular financial reporting by Office Manager; ii) regular project updates by head of relevant department & Executive; iii) maintain good working relationship with funders; iv) foster culture of early disclosure concerning problems.
		Reputational	Loss of members would damage our reputation (London Higher & Board) and our ability to do lobbying and advocacy.	As above.
3	London Higher IT systems are compromised or become inaccessible	Business effectiveness	Loss of organisational knowledge & membership contacts/ information.	We use office 365 (cloud), which can be accessed anywhere. SAGE is backed up to the cloud.
4	London Higher loses a key member of staff	Business effectiveness	Loss of organisational knowledge & membership contacts/ information.	CE & DCE work closely together and are aware of each other's outputs and strategies.
			Destabilisation of organisation.	Likely to require some re-structuring; this would be done in an open and inclusive manner.
5	A London Higher division either becomes bankrupt or leaves LH	Financial	The overheads would be shared out amongst fewer divisions.	12 month notice period for division to leave. Monthly management accounts reports.
		Reputational	Loss of prestige.	Provide excellent quality services that our divisional heads need.

14. **Remuneration.** Pay of all staff is reviewed annually and is normally increased to reflect cost of living (COL) adjustment. The education sector average COL and financial situation of the organisation are considered when making this decision. This change has to be authorised by the Remuneration Committee and is reported to the Board of Trustees. Any other increases to salary due to changes to a Job Description for staff below the three most senior staff members (CEO, DCEO and Head of AccessHE) are considered managerial decisions and are reported to the Remuneration Committee. Any increases for Michael Reynier and Graeme Atherton are recommended to the Remuneration Committee by the CEO and require authorization by the Committee. The Remuneration Committee sets the remuneration package for the CEO and, in doing so, takes account of sector benchmarks and the CEO's annual performance review undertaken by the Chair of the Board.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

15. In June 2015 our current Business Strategy was approved by members. It defines our operating vision, mission and values.
16. **Our vision** defines the way we would like *London Higher* to look in 2017/18. It is our aspiration for the future and gives the context for our work. For the years 2014/15 to 2017/18 our vision has been: *To be the forum for higher education institutions/providers in London.*
17. **Our mission** tells people how we intend to achieve our vision. It is a statement that defines the fundamental purpose of *London Higher* and is intended to explain why we exist and what it is that we do. For the years 2014/15 to 2017/18 our mission has been: *To support our members to meet the challenges and opportunities of providing higher education in London.*
18. **Our values.** *London Higher* values are the beliefs that are shared among ourselves, our members and HE stakeholders. Values are important to articulate in our *Business Strategy* because it is through our shared values that we will develop our mission and vision. Values are the enablers to achieving our vision and mission. For the years 2014/15 to 2017/18 our value statement has been: *London Higher is a trusted, non-partisan and professional partner.*
19. **Our Activities.** Taking our vision, mission and values as a starting point, and in particular our aspirations to anticipate changes, seek opportunities and tell our members' story, we identify four activities through which we deliver our objectives:
- a) **Advocacy;**
 - b) **Collaborations;**
 - c) **Networks;**
 - d) **Events.**
20. **Public Benefit.** Our work is informed by the need to act for the benefit of the public. We engage with over forty HEIs. They teach 376,400 students and employ over 84,400 members of staff. These people are 'our primary public.' We benefit them in various ways as will be shown below, but in all cases our test is whether an action of ours will result in universities providing a richer experience for their staff and/or students in London. A secondary public comprises a wider group of stakeholders with whom HE students and staff interact throughout their lives. These include employers, parents and children, all of whom gain benefit from an efficient and effective higher education experience.

ACHIEVEMENTS AND PERFORMANCE

21. For seventeen years *London Higher* has been working with universities and higher education colleges in London. During that time we have earned a deserved reputation for advocating and promoting London's HEIs and supporting our members in their responses to the challenges and opportunities that have emerged. We are trusted, responsible and efficient in our dealing with our members.
22. **Outputs.** Our outputs are diverse and include research reports, feasibility studies and benchmarking, promotional material, meetings and workshops, lobbying and receptions. We also run a wide range of websites, advisory groups

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

- a) **Case for HE** aims to create an ongoing and robust evidence-base in support of HE in the capital. In particular it seeks to: understand the challenges and opportunities *London Higher* members and partner institutions face; conceive, develop and manage responses that address these challenges and opportunities; and promote the impact of London's HE sector on the social, cultural and economic development of the region and beyond. During the year we: a) ran seven networks for our members on themes including research, planning, marketing, housing, visa compliance and VAT issues. These networks are open to all our members and provide participants with a mechanism to share their experiences and discuss the challenges and opportunities of their respective roles. This provides benefit in ensuring that members operate efficiently; b) conducted three main pieces of advocacy work: supporting the GLA prepare a paper on VAT charges for public/private research collaborations; working to support the adoption of the GLA proposals on affordable student rents; and creating a Prezi to demonstrate the impacts of HE in London on the region and the UK as a whole. This work provided both members and our partners with accurate HE evidence helping them to better develop their policies in these areas. The work benefited members and the public by helping HE to be affordable and sustainable in London; c) responded to the consultation on the Government's Green Paper on HE and convened further discussions on this topic with HEFCE and the Minister for Universities and Science. Our discussions ensured that the Government understood the implications of its proposals for London HE; d) published research on recent trends in student numbers, international students in London and National Student Survey (NSS) scores for London. These research reports helped our members take stock of emerging statistical trends, highlighting key areas for attention and shared effective practice across our membership. They provide public benefit because they respond to national policy initiatives. All are available on our website.

- b) **London Medicine & Healthcare** brings together senior representatives from across London's schools of medicine, dentistry, clinical academic disciplines, nursing, midwifery and the allied health professions. Through its two standing membership networks, *London Medicine* and the *Healthcare Education Group*, *London Medicine & Healthcare* provides a discussion platform pertaining to the delivery of medical and healthcare education and training in London. During the year we: a) hosted five business meetings and a private dinner with key health policy stakeholders. This enabled senior staff from across London to network and share experiences as well as receive timely policy updates; b) launched a new initiative called *Vital Signs* which uses a themed approach to explore key policy issues affecting health education in London; the first selected theme is on clinical placements. This new approach provides our members with a much richer discussion about the issues affecting their work and is already yielding tangible outcomes which, if pursued, will fundamentally improve clinical placements for students, Hospital Trusts and training providers; c) held a themed meeting on widening participation in healthcare with speakers from AccessHE and Health Education England. This discussion helped us to clarify the issues affecting health training providers and as a result we have determined to dedicate a stream of work to access next year; d) we hosted a discussion for members on the Comprehensive Spending review and the HE Green Paper, focusing on the implications for health education and training collated. This helped members gain a better insight into what the Government's proposals were and where there may be challenges for health training providers (i.e. regarding TEF and nursing bursaries); e) we held an international symposium on Interprofessional Education (IE) in healthcare with speakers from contrasting healthcare systems in the US and Germany. IE is a key plank in fulfilling the NHS plan to deliver more health services in community settings; therefore our symposium was a valuable way to raise the profile of IE among our members and discuss the state of play and the challenges that lie ahead in training the IE professionals of the future.

- c) **AccessHE** is the largest regional network in England engaging with over 300 HEIs, schools and colleges working in London to widen access to HE. Being a part of AccessHE enables its members to develop collaborative relationships across London and to participate in joint activities. During the year we: a) ran six pan-London networks on access, including on progression to HE for disabled learners, and for looked-after children, supporting student ambassador activities and for those working in the arts and design field. Our networks enable widening access staff to share experiences and develop effective practice; b) Organised four major WP conferences and events, including AccessHE Week, which highlights the effective work in London to widen access to HE, a series of *Expos* for Year 8 to Year 13, to demonstrate to young people the many benefits to going to universities and how to take the right decisions to get there, and conferences for Disability Practitioners and Student Ambassadors to help share state of the art practice ore broadly; c) managed the seven research projects: the *London Access Think Tank*, *Raising the Bar* (with Charlton Athletic FC and Fulham FC); and four projects funded under HEFCE's National Networks for Collaborative Outreach (NNCO) scheme *AccessHE online*, the *Arts & Design Network*, *Capital Access* and *Prepare to Succeed*. Our research programme

pushes the boundaries of modern access thinking, helping our members explore new ways of widening participating and crucially measuring their impact on young people and society in general.

- d) **NEON** (the National Education Opportunities Network) was founded in early 2012 as the new professional organisation to support those involved in widening access to HE and social mobility. At the heart of NEON is a cross-sector approach bringing together HEIs, schools, colleges, the voluntary sector, professional bodies and employers. NEON works closely with HEFCE and OFFA in order to support the delivery of the National Access and Success Strategy and the new collaborative outreach networks for 2015-15. During this year NEON has: a) run the fourth annual *NEON Summer Symposium* entitled '*Rethinking Widening Access: How do we Improve Student outcomes across the lifecycle?*'; b) ran the third *Annual Neon Awards* celebrating and recognising the best of work in widening access across the country. By showcasing effective practice our Awards help to spread effective practice across the UK; c) ran five national Working Groups, including on *Mature Learners* and *Establishing evidence and measuring impact*. Our working groups share practice and help to shape the national agenda across the widening access landscape. Each Group is led by members to take forward an agenda in different areas of access practice; and d) ran follow-up research in partnership with the Universities Colleges Union (UCU) on the impact of cost on HE participation entitled '*Does Cost Matter Pt. 2*'. This research enables NEON to contribute to the debate surrounding access to higher education policy and cost. It also strengthens the work that member HEIs/organisations can do in their local area by enhancing their understanding of the learners they serve.
- e) **LONDON HIGHER EUROPE**. London Higher Europe supports 12 London HEIs to increase their capacity and experience of EU engagement and funding programmes. The EU research agenda is important for the public because, despite Brexit, the EU funds research to help solve some of the world's great challenges, including improving health outcomes, connecting people digitally and reducing inequalities between regions. By helping our members to better align themselves with these agendas we hope that London universities can help solve some of these challenges, benefiting not just the universities but the wider public. This year we have: a) assisted members to assess their bidding options for upcoming calls. This helped members become more efficient in their response to the EU research agenda; b) ran a delegation for 17 London Research Directors to Brussels to meet with senior EU research figures. This trip helped clarify how our members can engage with the EU agenda and provided insight into upcoming EU policy developments; c) ran a panel discussion in Brussels on migration studies and how London HEIs can help the EU address migration challenges. This event has led to a group of academics from five London HEIs developing a proposal to explore the impacts of migration on local communities; d) ran two study trips to Brussels for London research administrators. These two-day training sessions add capacity to universities by developing their research support staff and thereby impacting on the academics they assist; e) produced newsletters, hosted meetings and ran workshops for and on behalf of our members to ensure that they were best placed to respond to EU calls for research and partnership.
- f) **SPECIAL PROJECTS**. As well as managing our established member collaborations, we also have a portfolio of smaller or developmental projects that we oversee. This year we have been developing the following: a) The Location Premia Task Group made a submission to HEFCE outlining the case for retaining adjustment premia intended to adjust for the additional costs of operating HE in London; the success of this work has ensured that London HEIs are not disadvantaged their location; b) London Work (in association with The Student Room) is a new online hub we created to encourage more domestic UK students to study in London. The hub benefits the public by providing prospective students with student-generated facts about what it is like to study in the UK's capital; the hub provided useful hints and tips to new students; c) our House of Lords reception *Celebrating, enhancing and promoting London's world class university cluster*, saw us launch a promotional video

highlighting the impact of HEIs in London. The video provides useful information and facts about the social and economic impact of London universities of their local communities, the region and the wider UK.

- g) 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/fileadmin/documents/Publications_2016/LH_AnnualReport_2016.pdf

FINANCIAL REVIEW

- 23. Our financial goal is to maintain and, if possible, expand member services whilst offering an efficient and transparent financial regime. This year we have benefited from further grant income from HEFCE for our access work and this

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

has allowed us to maintain core services and for a second year we have achieved a modest positive out-turn for the year.

24. Income and staffing levels during 2015-2016 increased substantially due to significant HEFCE grants and indirect grant income. NEON received £38K HEFCE funding via the University of Leicester for the GCSE Attainment Project. AccessHE received two grants from HEFCE 1) £71K NCO - Prepare to succeed: Better student outcomes for Black & Minority Ethnic (BME) Learners in London and 2) £136K National Network for Collaborative Outreach (NNCO). In addition £260K of HEFCE NCO grants that were issued to individual HEI's, were pooled and given to AccessHE to deliver the following projects, Capital Access, AccessHE Online and Arts and Design/ London HE Network/ AH Creative.
25. During 2015-2016 HEFCE confirmed the London Higher Core grant £37.5K unrestricted will be continued for two more years i.e. 2016-2018. London Higher Core benefited from a lower share of overheads and higher cross charges due to the temporary increase in AccessHE employees, increased the number of partners and membership remained strong. London Higher Core did not exercise the inflation increase option to membership fees for 2015-2016.

26. *Reserves Policy.*

Total funds as at 31 July 2016 were £547,596. Of the total funds £233,955 (2015:£ 234,281) were represented by restricted funds and £313,601 (2015:£ 157,752) by unrestricted funds. Free Reserves (i.e. unrestricted funds excluding fixed assets and amounts designated) stood at £289,429 (2015:£140,379) at 31 July 2016.

The London Higher reserves policy is to hold funds to cover between three to six months expenditure, to cover staff costs, overheads and a scaled down level of administration and project expenditure. This applies to all divisions. The current level of reserves of £289,429 are within this range.

Within designated funds, £17,500 are designated for IT capital expenditure. This is to replace current IT hardware in approx. one to two years' time. The IT fund would be used to replace ageing IT. We have extended the life of our current PC's by installing Solid State Drives but by 2018 many of them will be in excess of six years old. The £17,500 would include software and installation for all purchases. £6,672 within the designated fund represents the net book value of assets.

PLANS FOR 2016-17

27. *Financial Plan.* For the 2016-17 financial year we are forecasting income of c. £1.2 m. In June 2016 we circulated a costed Operational Plan for 2016-17 to all members which indicates how this money will be disbursed.
28. *Strategies for the year. Operational Plan.* With a budget of just over £1 million we propose to deliver c. **£100,000** of advocacy activities, c. **£189,000** of collaborations, **£50,300** of events and **£33,330** of networking opportunities (excluding salaries, overheads and administration). New initiatives this year include:
- 1) Developing a good working relationship with the new Mayor of London and his staff;
 - 2) Vital Signs 2020, a bold new campaign in support of London's health education and training;
 - 3) Developing of range of special projects including a new student competition for our 'London Works' campaign, and 'Board Apprentice';
 - 4) Managing a new series of NCO projects to widen access to HE across London.

The full 2016-17 *Operational Plan*, including targets and priorities, is available on our website at:

http://www.londonhigher.ac.uk/fileadmin/documents/Publications_2016/LH_OperationalPlan_2016.pdf

STATEMENT OF TRUSTEES' RESPONSIBILITIES

29. 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.)

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

30. 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 year. 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.
31. 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.
32. In so far as the Trustees are aware:
- there is no relevant audit information of which the charity's auditor is unaware;
 - the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
 - in all material respects income from HEFCE, grants and income for specific purposes and from other restricted funds administered by London Higher have been applied only for the purposes for which they were received.

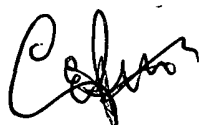
AUDITORS

haysmacintyre are deemed reappointed for the forthcoming year in accordance with the Provisions of Companies Act 2006.

APPROVAL

Declaration. Trustees have prepared this report in accordance with the Special Provisions of Part 15 of the Companies Act 2006. In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415A, the Companies Act 2006.

33. *Resolution.* Approved by the London Higher Board of Trustees on 26/01/2017 and signed on its behalf by:



Professor Geoffrey Petts
Chair, London Higher

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON HIGHER FOR THE YEAR ENDED 31 JULY 2016

We have audited the financial statements of London Higher for the year ended 31 July 2016, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

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.

We have been appointed auditor under the Companies Act 2006. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 July 2016 and of the charitable company's net movement in funds, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

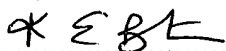
Opinion on other matter prescribed by the Companies Act 2006

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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption in preparing the Trustees' Annual Report and incorporating the Strategic Report.



Kathryn Burton (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

Date: 26th January 2017

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LONDON HIGHER

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating and Income and Expenditure Account)

FOR THE YEAR ENDED 31 JULY 2016

		Unrestricted	Restricted	Total	Total
	Notes	Funds	Funds	2016	2015
		£	£	£	£
Income from:					
Charitable activities					
<i>Membership income</i>	3	553,790	260,255	814,044	774,432
<i>Grants</i>	3	39,583	164,481	204,064	221,250
<i>Other</i>	3	37,868	231,269	269,138	89,436
Investment income		433	-	433	515
Total income		<u>631,674</u>	<u>656,005</u>	<u>1,287,679</u>	<u>1,085,633</u>
Expenditure on					
Charitable activities	4	475,825	656,291	1,132,116	918,387
Total expenditure		<u>475,825</u>	<u>656,291</u>	<u>1,132,116</u>	<u>918,387</u>
Net income	2	155,849	(286)	155,563	167,246
Net movement in funds		<u>155,849</u>	<u>(286)</u>	<u>155,563</u>	<u>167,246</u>
Reconciliation of funds					
Total funds brought forward		157,752	234,281	392,033	224,787
Total Funds carried forward		<u>313,601</u>	<u>233,995</u>	<u>547,596</u>	<u>392,033</u>

All amounts derive from continuing activities. There are no other gains or losses other than those shown above. The comparative Statement of Financial Activities is on note 16.

The notes on pages 15 to 23 form part of the accounts.

BALANCE SHEET

AT 31 JULY 2016

	Note	2016 £	2015 £
FIXED ASSETS	8	<u>6,672</u>	<u>17,373</u>
CURRENT ASSETS			
Debtors	9	134,801	704,524
Cash at bank and in hand		<u>741,302</u>	<u>419,190</u>
		876,103	1,123,714
CREDITORS: amounts falling due within one year	10	<u>(335,179)</u>	<u>(749,054)</u>
NET CURRENT ASSETS		<u>540,924</u>	<u>374,660</u>
NET ASSETS		<u>547,596</u>	<u>392,033</u>
FUNDS			
Unrestricted funds	12	313,601	157,752
Restricted funds	12	<u>233,995</u>	<u>234,281</u>
	12	<u>547,596</u>	<u>392,033</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 26/01/2017 and were signed on their behalf by:



Professor Geoff Petts
Trustee

The notes on pages 15 to 23 form part of the accounts.

LONDON HIGHER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2016

	2016 £'000	2015 £'000
Cash flows from operating activities:		
<i>Net cash provided by operating activities</i>	<u>327,451</u>	<u>163,138</u>
Cash flows from investing activities:		
Investment income	<u>433</u>	<u>515</u>
<i>Net cash provided by investing activities</i>	<u>433</u>	<u>515</u>
Cash flows from capital expenditure and financial investment		
Payments to acquire tangible fixed assets	<u>(5,772)</u>	<u>(3,462)</u>
<i>Net cash used in financing activities</i>	<u>(5,799)</u>	<u>(3,462)</u>
Change in cash and cash equivalents in the reporting period	322,112	160,191
Cash and cash equivalents at the beginning of the reporting period	<u>419,190</u>	<u>258,999</u>
Cash and cash equivalents at the end of the reporting period	<u><u>741,302</u></u>	<u><u>419,190</u></u>
Reconciliation of net income to net cash flow from operating activities		
	2016 £'000	2015 £'000
Net income for the reporting period		
(as per the statement of financial activities)	155,563	167,246
Adjustments for:		
Depreciation charges	16,500	15,195
Interest received	(433)	(515)
Decrease/(increase)/ in debtors	569,723	(629,344)
Loss on disposal of fixed assets	(27)	
Increase/(decrease) in creditors	<u>(413,875)</u>	<u>610,556</u>
Net cash provided by operating activities	<u><u>327,451</u></u>	<u><u>163,138</u></u>
Analysis of cash and cash equivalents		
	2016 £'000	2015 £'000
Cash in hand	<u>741,302</u>	<u>419,190</u>
Total cash and cash equivalents	<u><u>741,302</u></u>	<u><u>419,190</u></u>

The notes on pages 15 to 23 form part of the accounts.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

The organisation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Legal status

The Charity is a company limited by guarantee, incorporated in England and Wales (company number: 5731255) and a charity registered in England and Wales (charity number: 1105500). The charity meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The functional currency of the charitable company is considered to be GBP because that is the currency of the primary economic environment in which it operates.

Reconciliation with previous Generally Accepted Accounting Practice

The date of transition to FRS102 was 1 August 2014, with the last set of accounts being prepared under the previous Generally Accepted Accounting Practice to 31 July 2015.

In preparing the financial statements, the Trustees have considered whether the accounting policies required by the standard require the restatement of comparative information. There have been no numerical changes as a result of the transition to FRS 102, the reserves position is unadjusted from the previously reported position.

Preparation of accounts on a going concern basis

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

Critical accounting judgements and key sources of estimation uncertainty

In the application of these accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods. The Trustees consider the following items to be areas subject to estimation and judgement:

Depreciation:

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

1. ACCOUNTING POLICIES (continued)

Pensions:

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Trustees are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme.

Income

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

Grants are recognised in full in the statement of financial activities in the year in which the charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

Investment income relates to interest on from bank balances and is accounted for on an accruals basis

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- London Higher
- London Higher Europe
- Case for HE/ London
- London Medicine & Healthcare
- Access HE
- Access HE - NCO
- NEON

Membership and charitable activity costs include expenditure which is directly 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.

Support costs are those functions that assist the work of the charity but do not undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's activities. Governance costs are as are costs incurred in connection with the strategic management of the charity and in compliance with constitutional and statutory requirements. These costs have been allocated to charitable activities. The bases on which support cost have been allocated across the categories on the basis of the proportion of time spent by staff on those activities.

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 items over £1,000.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

1. ACCOUNTING POLICIES (continued)

Operating leases

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

Pension scheme

The Charity participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 Section 28 of FRS 102 "Employee 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.

Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, trade and fee debtors, staff loans, other debtors, prepayments and accrued income. A specific provision is made for debts for which recoverability is in doubt. Cash and cash equivalents are defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost, fees in advance, trade creditors and other creditors and amounts owed to group undertakings.

Debtors

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

Cash at bank and in hand

Cash at bank and cash in hand includes cash held on site and within bank accounts.

Creditors and provisions

Creditors and provisions are recognised where the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due

Funds

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 FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

2.	NET INCOME			2016 £	2015 £
	This is stated after charging:				
	Auditors remuneration (excluding VAT)				
	- current year			8,850	7,725
	- other services			1,500	-
	Depreciation			16,500	15,195
	Operating lease rentals			34,968	35,602
3.	INCOME FROM CHARITABLE ACTIVITIES	Unrestricted Funds £	Restricted Funds £	2016 £	2015 £
	Membership income				
	London Higher member contributions	439,740	-	439,740	403,400
	London Higher Europe	38,050	-	38,050	35,950
	London Medicine contributions	-	114,000	114,000	132,000
	London partners	76,000	-	76,000	20,000
	AccessHE Membership contributions	-	128,452	128,452	146,626
	NEON membership contributions	-	17,803	17,803	36,456
		553,790	260,255	814,045	774,432
	Grants				
	HEFCE	37,500	113,481	150,981	181,250
	Other grants	2,083	51,000	53,083	40,000
		39,583	164,481	204,064	221,250
	Other				
	Project & event income	37,868	231,269	269,137	87,658
	Other income	-	-	-	1,778
		37,868	231,269	269,137	89,436
	Total Charitable income	631,241	656,005	1,287,246	1,085,118

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

5. ANALYSIS OF CHARITABLE EXPENDITURE	Direct Costs £	Support Costs £	2016 £	2015 £
London Higher	370,147	73,719	443,866	516,497
London Higher Europe	32,254	-	32,254	-
Case for HE/ London	49,472	267	49,739	50,675
London Medicine & Healthcare	57,714	11,080	68,794	74,026
AccessHE	130,021	6,562	136,583	175,194
AccessHE - NCO	228,881	49,268	278,149	62,104
NEON	114,011	8,720	122,731	39,891
	<u>982,500</u>	<u>149,616</u>	<u>1,132,116</u>	<u>918,387</u>

ANALYSIS OF CHARITABLE EXPENDITURE

Support costs

	2016 £	2015 £
Rent	44,647	42,892
Accountancy and Professional fees	13,389	13,607
IT Costs and Website Development	11,924	17,874
Depreciation	16,500	15,195
General Office Costs	12,930	13,115
Staff Costs and related professional fees	21,161	7,522
Telephone	7,451	6,979
Travel and subsistence	2,594	5,782
Insurance	1,149	2,994
Catering and Hospitality	3,202	2,791
Bank charges	2,404	2,154
Postage and Courier	210	600
Conference fees	1,795	75
Governance (note 6)	10,620	9,270
	<u>149,616</u>	<u>140,850</u>

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

6. GOVERNANCE COSTS	2016 £	2015 £
Audit and related fees	10,620	9,270
	<u>10,620</u>	<u>9,270</u>
7. ANALYSIS OF STAFF COSTS	2016 £	2015 £
Wages and Salaries	586,570	500,327
Social security costs	50,551	39,641
Pension costs	85,759	73,384
Recruitment expenses	4,492	2,988
	<u>727,372</u>	<u>616,340</u>

There were no redundancy or termination payments made in the year (2015: £nil).

The average number (headcount) of employees was:

	2016 Number	2015 Number
London Higher	8	5
London Medicine & Healthcare	2	2
Access HE	8	5
NEON	1	1
	<u>19</u>	<u>13</u>

During the year there were three employees (2015: three) who received emoluments exceeding £60,000 and to whom retirement benefits are accruing under a defined benefits scheme.

The remuneration falls into the following brackets:

	2016 Number	2015 Number
£60,000 - £70,000	1	1
£70,000 - £80,000	1	1
£100,000 – £110,000	-	1
£110,000 – £120,000	1	-
	<u>1</u>	<u>1</u>

Pension contributions payable by the Charity for the higher earners in the year were £41,836 (2015: £39,309).

No trustee received remuneration or reimbursement for expenses during the year (2015: NIL).

The key management personnel are defined as the Senior Leadership Team, of which the total employee benefits in aggregate for the year were £374,733 (2015: £351,018).

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

8. TANGIBLE FIXED ASSETS	IT Equipment £	Fixtures & Fittings £	Furniture £	Total £
Cost				
At 31 July 2015	15,779	29,735	15,555	61,069
Additions	4,899	-	873	5,772
Disposals	(439)	-	(398)	(837)
At 31 July 2016	20,239	29,735	16,030	66,004
Depreciation				
At 31 July 2015	10,147	22,302	11,247	43,696
Charge for the year	5,059	7,433	4,008	16,500
Disposals	(765)	-	(99)	(864)
At 31 July 2016	14,441	29,735	15,156	59,332
Net Book Value				
At 31 July 2016	5,798	-	874	6,672
At 31 July 2015	5,632	7,433	4,308	17,373
9. DEBTORS			2016 £	2015 £
Trade debtors			99,777	675,741
Other debtors			8,756	8,522
Prepayments and accrued income			26,268	20,261
			134,801	704,524
10. LIABILITIES: amounts falling due within one year			2016 £	2015 £
Trade creditors			15,135	6,987
Accruals			41,270	21,541
Deferred income (see below)			273,485	713,018
Other creditors			5,289	7,508
			335,179	749,054
Deferred income			2016	2015
Balance at start of the year			713,018	110,127
Amounts released to incoming resources			(713,018)	(110,127)
Amounts deferred in the year			273,485	713,018
Balance at the end of the year			273,485	713,018

Deferred income relates to grants & membership income invoiced/received in the year for the next period.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

11. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial Assets measured at amortised cost (a)	867,355	1,116,762
Financial Liabilities measured at amortised cost (b)	(335,179)	(749,054)
Net financial assets measured at amortised cost	532,176	367,708

(a) Financial Assets include cash, trade debtors, accrued income and other debtors

(b) Financial Liabilities include deferred income, trade creditors, other creditors, loans, accruals and other creditors.

12. STATEMENT OF FUNDS

	Brought forward at 01/08/2015 £	Incoming £	Outgoing £	Transfers £	Carried forward at 31/07/2016 £
Restricted funds					
London Medicine & Healthcare	76,100	114,000	(86,793)	11,400	114,707
AccessHE	74,945	397,168	(440,564)	27,966	59,515
NEON	35,620	144,837	(128,934)	8,250	59,773
Reserve funds	47,616	-	-	(47,616)	0
Total Restricted funds	234,281	656,005	(656,292)	-	233,995
Unrestricted funds					
London Higher	140,379	631,674	(475,825)	(6,799)	289,429
Designated fund - Fixed asset fund	17,373	-	-	(10,701)	6,672
IT fund	-	-	-	17,500	17,500
Total Unrestricted funds	157,752	631,674	(475,825)	-	313,601
Total funds	392,033	1,287,679	(1,132,116)	-	547,596

Reserve fund: this balance of £47,616 was funds held on behalf of all divisions. LMHC £11,400, AccessHE £27,966 and NEON £8,250 and has been transferred to the appropriate funds.

London Medicine and Healthcare 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 and Schools of Healthcare.

AccessHE is a pan-London organisation enabling the provision of support for young people from disadvantages backgrounds to enter Higher Education. Access HE facilitates collaboration and activities that aim to increase social mobility in the capital.

Case for HE is a core work stream of London Higher resourced primarily by member contributions. The programme aims to create and ongoing and robust evidence-base in support of HE in the capital.

NEON, a national organisation supporting professionals involved in widening access to HE.

Fixed asset funds represents the net book value of fixed assets held by the charity.

IT fund - The IT fund will be used to replace ageing IT. We have extended the life of our current PC's by installing Solid State Drives but by 2018 many of them will be in excess of six years old. The £17,500 would include software and installation for all purchases.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fixed assets	-	6,672	6,672
Net Current assets	233,995	306,929	540,924
Total funds	233,995	313,601	547,596

14. OPERATING LEASE COMMITMENTS

At 31 July 2016 the charitable company had the total future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Amounts due in:		
Within one year	33,872	34,968
Between one and five year	131,100	132,197
More than five years	18,677	51,452
	-	-
Total operating lease commitments	183,649	218,617

The charge made to the Statement of Financial Activities in 2016 was £34,968 (2015:£36,602).

15. PENSION SCHEME

Universities Superannuation Scheme (the scheme) is a multi-employer scheme and given the mutual nature of the scheme, is unable to identify individual employer's share of assets and liabilities. Consequently, individual employers are unable to apply defined benefit accounting. Consistent with 'old UK GAAP', section 28 of FRS 102 states that if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan as if it was a defined contribution plan

The total cost charged to the statement of financial activities account is £85k (2015: £73k) .

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third 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. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016		2015
Discount rate	3.6%		3.3%
Pensionable salary growth	n/a		3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%		2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2016

16. Comparative Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	2015 £
Income from				
Charitable activities				
<i>Membership income</i>		459,350	315,082	774,432
<i>Grants</i>		46,250	175,000	221,250
<i>Other</i>		29,374	60,062	89,436
Investment income		370	145	515
Total income		<u>535,344</u>	<u>550,289</u>	<u>1,085,633</u>
Expenditure on				
Charitable activities		528,775	389,612	918,387
Total expenditure		<u>528,775</u>	<u>389,612</u>	<u>918,387</u>
Net income		6,569	160,677	167,246
Net movement in funds		<u>6,569</u>	<u>160,677</u>	<u>167,246</u>
Reconciliation of funds				
Total funds brought forward		151,183	73,604	224,787
Total Funds carried forward		<u>157,752</u>	<u>234,281</u>	<u>392,033</u>

All amounts are from continuing activities.