

**Company Registration No 2756521**

**LONDON FIRST**  
**(a company limited by guarantee)**

**Report and Financial Statements**

**31 March 2012**

**TUESDAY**



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**COMPANIES HOUSE**

**28/05/2012**

**LONDON FIRST**  
**(a company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS 2012**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6</b>
<b>Consolidated income and expenditure account</b>	<b>8</b>
<b>Balance sheets</b>	<b>9</b>
<b>Consolidated cash flow statement</b>	<b>10</b>
<b>Notes to the consolidated cash flow statement</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

**LONDON FIRST**  
**(a company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS 2012**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Philip Dilley (Chairman) (appointed 1 January 2012)	Arup
Baroness Jo Valentine (Chief Executive)	London First
Clive Strowger (Hon Treasurer)	
Roger Bright	
Isabel Fernandez	GE Capital
Emma Gilthorpe	BAA
Des Gunewardena	D&D London
Duncan Ingram	BT
Annette King (appointed 22 September 2011)	Ogilvy
Simon Johnston	Nabarro
Prof David Latchman	Birkbeck College
Paul Spanswick	Nomura
Andy Street	John Lewis
Victoria Mitchell	Berkeley Group
Peter Vernon	Grosvenor

**SECRETARY**

Stephen Drury

**REGISTERED OFFICE**

3 Whitcomb Street  
London WC2H 7HA

**BANKERS**

Royal Bank of Scotland  
London Drummonds Branch  
49 Charing Cross Road  
London, SW1A 2DX

**SOLICITORS**

Bates Wells & Braithwaite  
2-6 Cannon Street  
London EC4M 6YH

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cambridge

## **LONDON FIRST** **(a company limited by guarantee)**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

#### **RESULTS**

The year end results for London First Group show a deficit of £53k. The activities of the company now include the management of restricted funds relating to a grant from London & Partners International (formerly Think London and a former subsidiary) which will be used to promote London for the benefit of business in the region of London. During the year, the level of the company's restricted funds fell from £1,097k to £1,019k which was largely as a consequence of two grants totalling £70k being awarded by the Board sub-Committee charged with managing distribution. Excluding the grants and designated funds which relate to Skills Festival Company, London First shows a surplus of £39k which was in line with expectations. The private sector continued to provide strong support for the work of London First with membership subscriptions in the year of £2,933k (2011 - £2,992k). The year saw a low member attrition rate and good member recruitment which partly reversed the reduction in member numbers caused by resignations as a consequence of changes at London & Partners International (formerly Think London) outlined below. Skills Festival Company shows a deficit of £14k which reflects the approved use of its reserves to fund skills and education work in the year.

The year on year results are greatly affected by the former subsidiary, London & Partners International (formerly Think London) which ceased to be a subsidiary on 31 March 2011. This is the main factor behind the reduction in group deficit to £53k (2011 - a deficit of £517k). Overall income in the year shows a decrease to £3,558k (2011 - £8,993k) which is mainly due to the level of grant that London & Partners International received from the London Development Agency in the prior year. Overall reserves and the reserves policy are detailed in the following section.

The Group does not have any financial instruments other than cash and short term debtors and creditors. Cash balances are held with a major UK bank and earn competitive rates of interest.

#### **PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS**

##### ***London First***

London First is a business-led membership organisation with the aim of promoting and supporting national and local policies and activity that contribute to maintaining London's status as the best city in the world in which to do business. Its 200 (approx.) members include leading firms in the property, finance, retail, technology, utilities, infrastructure, professional services and hospitality sectors, as well as London's leading higher education establishments. It employs around 30 staff, all in its central London office.

The organisation is not affiliated to any political party and does not lobby on behalf of individual members. It focuses on issues that have an impact on London's competitiveness, including its own transport infrastructure and its transport links with other economies, planning policies and practices, the risk of ill-considered regulation undermining the effectiveness of the financial services sector, obstacles to talented individuals from abroad working or studying in the UK, and personal and business tax policies that undermine the UK's reputation as having a stable and proportionate tax regime.

London First's credibility is built upon the diversity and very high calibre of its membership and the individuals from its member firms with which it engages, the quality of its analysis and policy outputs and the constructive approach that it takes in its relationships with local and national government. Thus, it provides a highly effective voice for its members' shared interest in maintaining London's success.

Overall reserves for the group total £2,516k. £1,029k of this relates to the balance of grant from London & Partners International and a third share of the reserves of The London Business Club (£10k) and are classified as restricted funds. £514k relates to the reserves of Skills Festival Company which are classified as designated funds. £973k relates to the unrestricted reserves of London First. The Board has a policy of seeking to achieve a level of unrestricted reserves sufficient to cover six months' salary and accommodation costs to guard against unforeseen circumstances. Good progress has been made in recent years in increasing reserves towards the target and at the end of March 2012 the level of cover, including the reserves of Skills Festival Company, now represents the equivalent of six months' costs.

**LONDON FIRST**  
**(a company limited by guarantee)**

**DIRECTORS' REPORT**

**PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS (continued)**

***London First (continued)***

The Board is supported in its management of the company by four Committees covering nominations, remuneration, finance and the use of the grant from London & Partners International (formerly Think London)

A review of risk management and insurances is reviewed by the Finance Committee prior to submission to the Board for approval each year. The review outlines high end risks faced by the organisation which include those relating to membership and income, reputation, corporate and projects and the actions that would be taken in mitigation.

London First has one active wholly owned subsidiary, Skills Festival Company, having withdrawn from membership of London & Partners International (formerly Think London) on 31 March 2011.

***London & Partners International (formerly Think London)***

The Mayor of London reviewed the future of three promotional agencies in the previous year with the conclusion that Think London, Visit London and Study London merged with effect from 1 April 2011. The consequence of this is that the London Development Agency did not renew Think London's contract at the end of March 2011. The majority of the company's functions transferred on 1 April 2011 to a new company, London & Partners, established by the Mayor of London.

***Skills Festival Company***

The principal activity of the Skills Festival Company, which is a wholly-owned subsidiary of London First, is to run "Skills London". The next Skills London event will be held at ExCel in November 2012 with a target to attract 30,000 15 - 24 year olds over two days. The event is being run in partnership with Prospects Services Ltd and is sponsored by the National Apprenticeship Service.

**GOING CONCERN**

The directors are confident that the group has adequate reserves and resources to continue operations for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 'Accounting Policies' in the financial statements.

**MEMBERS AND GUARANTORS**

Members of London First are those organisations which pay ordinary contributions to fund the core expenditure of the company, or companies which are given honorary membership status. Members are guarantors of the company in the event of a winding up, with liability limited to £100 per member, and have voting rights at general meetings. At 31 March 2012, there were 188 guarantors on the register of members (2011 - 199).

**DIRECTORS**

A list of current directors who have served during the year is set out on page 1. The following directors also served during the year up until the date of their resignations below.

Sir Adrian Montague	(Resigned 1 January 2012)	31
Richard Lewis	(Resigned 29 March 2012)	Tristan Capital Partners

**LONDON FIRST**  
**(a company limited by guarantee)**

**DIRECTORS' REPORT**

**AUDITOR**

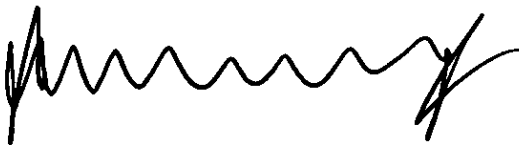
Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'Stephen Drury', with a stylized, wavy line across the middle and a final flourish on the right.

Stephen Drury  
Company Secretary

14 June 2012

**LONDON FIRST**  
**(a company limited by guarantee)**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON FIRST**

We have audited the financial statements of London First for the year ended 31 March 2012 which comprise the consolidated income and expenditure account, the consolidated and individual company balance sheets, the consolidated cash flow statement, the notes to the consolidated cash flow statement and the related notes 1 to 16. 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).

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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's deficit 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON FIRST (continued)**

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**William Crane (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Cambridge, United Kingdom

28 June 2012

**LONDON FIRST**  
(a company limited by guarantee)

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**Year ended 31 March 2012**

	Note	Unrestricted funds General £'000	Designated £'000	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
<b>INCOME</b>	<b>1</b>					
Members' subscriptions		2,933	-	-	2,933	2,992
Project and sundry income		550	-	-	550	343
Government grants		-	-	-	-	4,502
Corporate contributions, donation, donations in kind and other income		-	-	-	-	949
Stand revenue		-	75	-	75	207
		<u>3,483</u>	<u>75</u>	<u>-</u>	<u>3,558</u>	<u>3,685</u>
Continuing operations		-	-	-	-	5,308
Discontinued operations		<u>3,483</u>	<u>75</u>	<u>-</u>	<u>3,558</u>	<u>8,993</u>
<b>EXPENDITURE</b>	<b>2</b>					
Salaries		2,427	12	-	2,439	2,636
Consultancy fees		96	-	-	96	114
Grants		-	-	70	70	-
Depreciation	9	60	-	-	60	50
Rent and rates		227	-	-	227	238
Operating expenses		659	77	18	754	810
		<u>3,469</u>	<u>89</u>	<u>88</u>	<u>3,646</u>	<u>3,848</u>
Continuing operations		-	-	-	-	5,281
Discontinued operations		<u>3,469</u>	<u>89</u>	<u>88</u>	<u>3,646</u>	<u>9,129</u>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>3</b>					
Continuing operations		14	(14)	(88)	(88)	(163)
Discontinued operations		-	-	-	-	27
		<u>14</u>	<u>(14)</u>	<u>(88)</u>	<u>(88)</u>	<u>(136)</u>
Changes in group structure	4	-	-	-	-	(429)
- Group reorganisation costs		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SURPLUS (DEFICIT) ON OPERATIONS BEFORE ASSOCIATES, INTEREST AND TAXATION</b>		<u>14</u>	<u>(14)</u>	<u>(88)</u>	<u>(88)</u>	<u>(565)</u>
Share of associate's surplus before interest and taxation	6	-	-	-	-	10
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SURPLUS (DEFICIT) ON OPERATIONS BEFORE INTEREST AND TAXATION</b>		<u>14</u>	<u>(14)</u>	<u>(88)</u>	<u>(88)</u>	<u>(555)</u>
Interest receivable		31	-	13	44	48
		<u>45</u>	<u>(14)</u>	<u>(75)</u>	<u>(44)</u>	<u>(507)</u>
<b>SURPLUS (DEFICIT) BEFORE TAXATION</b>	<b>7</b>	<u>45</u>	<u>(14)</u>	<u>(75)</u>	<u>(44)</u>	<u>(507)</u>
Taxation		(6)	-	(3)	(9)	(10)
		<u>(6)</u>	<u>-</u>	<u>(3)</u>	<u>(9)</u>	<u>(10)</u>
<b>SURPLUS (DEFICIT) AFTER TAXATION</b>	<b>14</b>	<u>39</u>	<u>(14)</u>	<u>(78)</u>	<u>(53)</u>	<u>(517)</u>

The income and expenditure account includes all gains or losses recognised in the year and the deficit for the year represents the only movement in reserves. As a result, no statement of total recognised gains and losses is presented.

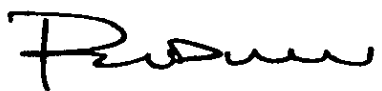
**LONDON FIRST**  
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**BALANCE SHEETS**  
**31 March 2012**

		<b>GROUP</b>		<b>COMPANY</b>	
	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>FIXED ASSETS</b>					
Tangible assets	9	73	95	73	95
Investments	10	10	10	-	-
		<u>83</u>	<u>105</u>	<u>73</u>	<u>95</u>
<b>CURRENT ASSETS</b>					
Debtors	11	372	1,668	281	1,662
Cash at bank and in hand		1,898	3,106	1,590	2,898
Investments	12	2,500	-	2,500	-
		<u>4,770</u>	<u>4,774</u>	<u>4,371</u>	<u>4,560</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(2,337)</u>	<u>(2,310)</u>	<u>(2,452)</u>	<u>(2,624)</u>
<b>NET CURRENT ASSETS</b>		<u>2,433</u>	<u>2,464</u>	<u>1,919</u>	<u>1,936</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,516</u>	<u>2,569</u>	<u>1,992</u>	<u>2,031</u>
<b>REPRESENTED BY:</b>					
Accumulated surpluses	14				
Designated		514	528	-	-
Restricted		1,029	1,107	1,019	1,097
Unrestricted		973	934	973	934
		<u>2,516</u>	<u>2,569</u>	<u>1,992</u>	<u>2,031</u>

The financial statements of London First, registered number 2756521, were approved by the Board of Directors and authorised for issue on **14 JUNE 2012**

Signed on behalf of the Board of Directors

  
Philip Dilley  
Director

  
Clive Strowger  
Director

**LONDON FIRST**  
**(a company limited by guarantee)**

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 2012**

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>A</b>	<b>1,291</b>	<b>(2,283)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		44	48
<b>Taxation</b>			
Corporation tax paid		(5)	(21)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(38)	(35)
<b>Cash inflow/(outflow) before use of liquid resources</b>		<b>1,292</b>	<b>(2,291)</b>
<b>Management of liquid resources</b>			
Cash (placed on)/withdrawn from deposit		(2,500)	3,100
<b>(Decrease)/increase in cash in the year</b>	<b>B</b>	<b>(1,208)</b>	<b>809</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
(Decrease)/increase in cash in the year		(1,208)	809
Cash inflow/(outflow) from change in liquid resources		2,500	(3,100)
<b>Change in net funds resulting from cash flows</b>		<b>1,292</b>	<b>(2,291)</b>
<b>Net funds at beginning of the year</b>		<b>3,106</b>	<b>5,397</b>
<b>Net funds at the end of the year</b>	<b>B</b>	<b>4,398</b>	<b>3,106</b>

**LONDON FIRST**  
**(a company limited by guarantee)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 2012**

**A) RECONCILIATION OF DEFICIT ON OPERATIONS BEFORE ASSOCIATES, INTEREST AND TAXATION TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	2012 £'000	2011 £'000
Deficit on operations before associates, interest and taxation	(88)	(565)
Depreciation	60	158
Decrease/(increase) in debtors	1,296	(306)
Increase/(decrease) in creditors	23	(1,570)
Net cash inflow/(outflow) from operating activities	<u>1,291</u>	<u>(2,283)</u>

**B) MOVEMENT IN NET FUNDS**

	At 1 April 2011 £'000	Cash (outflow)/ inflow £'000	At 31 March 2012 £'000
Cash at bank and in hand	3,106	(1,208)	1,898
Current asset investments	-	2,500	2,500
	<u>3,106</u>	<u>1,292</u>	<u>4,398</u>

	At 1 April 2010 £'000	Cash (outflow)/ inflow £'000	At 31 March 2011 £'000
Cash at bank and in hand	2,297	809	3,106
Current asset investments	3,100	(3,100)	-
	<u>5,397</u>	<u>(2,291)</u>	<u>3,106</u>

**LONDON FIRST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The accounts have been prepared under the historical cost convention (except for the valuation of donations in kind and donated fixed assets) on a going concern basis, and in accordance with applicable United Kingdom accounting standards. The group does not seek to make a profit, nor can its achievements be measured by commercial criteria alone. In order that a true and fair view can be given in these accounts the directors have set out on page 8 a Consolidated Income and Expenditure Account which show the results for the year, but in a format other than as prescribed in the Companies Act 2006. In the opinion of the directors, this format more closely reflects the nature of the group's activities and discloses in sufficient detail information related thereto.

A summary of the principal accounting policies of the company is set out below. These policies have been applied consistently throughout the current and prior year.

**Going concern**

The directors are confident that the group has adequate reserves and resources to continue operations for the foreseeable future and is well placed to manage its business risks successfully despite the current economic outlook. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Basis of consolidation**

The group financial statements consolidate the accounts of the company and of its subsidiary undertakings. All companies within the group make up their accounts to the same date.

**Income**

Income is apportioned to financial periods based on the period to which the income relates. Income received for specific projects is accounted for as deferred income until spent or projects are completed.

Government grants, sundry income and bank deposit interest are recognised on a receivable basis.

Those donations in kind that can be quantified are valued by the directors at a reasonable estimate of their value to the company and are credited to income when received. There are certain other donations in kind which have also been gratefully received but as they cannot be readily quantified they have not been included in income.

**Fund accounting**

Income received for specified purposes is considered to be restricted and may only be applied for those purposes. Income which may be applied to any of the group's purposes is treated as totally unrestricted unless it has been designated by the directors for specific purposes. Designated funds may be used at the directors' discretion.

**LONDON FIRST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

**Expenditure**

Expenditure (excluding grants) is accounted for on an accruals basis, and includes donated staff and services. Grants to subsidiaries are accounted for on an annual basis, and are based on the need to support the activities of the subsidiaries.

**Tangible fixed assets**

Tangible fixed assets are stated at their purchase price, together with any incidental costs of acquisition.

Tangible fixed assets donated to the company are valued by the directors at a reasonable estimate of their value to the company.

Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets, less any residual value, on a straight line basis over the expected useful economic lives of the assets concerned. A full year's depreciation is charged in the year of purchase, and none in the year of disposal.

The annual rates used for this purpose are

Computer equipment	33 1/3%
Equipment, fixtures and fittings	20%

**Leases**

Payments under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**Investments**

No amounts are recorded in respect of the company's interests in subsidiaries and other investments since all investee companies are limited by guarantee and, therefore, have no share capital.

**Pension costs**

The group has established a defined contribution scheme. The amount charged to the income and expenditure account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Taxation**

Tax is not charged on the surplus except rental income and bank interest received, as the company is not run to make profits. Tax on profits from the letting of office space and interest receivable is charged at the corporation tax rate of 20% (2011 - 21%).

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**LONDON FIRST**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**2. EXPENDITURE**

	Continuing operations £'000	Disconti- nued operations £'000	Total 2012 £'000	Continuing operations £'000	Disconti- nued operations £'000	Total 2011 £'000
Salaries	2,439	-	2,439	2,636	3,592	6,228
Consultancy fees	166	-	166	114	-	114
Travelling, subsistence and entertaining	23	-	23	67	161	228
Depreciation	60	-	60	50	108	158
Rent and rates	227	-	227	238	688	926
Operating costs	599	-	599	111	296	407
Publications	43	-	43	73	-	73
Information costs	-	-	-	-	26	26
London & Partners						
International	18	-	18	-	-	-
Marketing	58	-	58	330	275	605
Dilapidations	-	-	-	-	24	24
Irrecoverable VAT	-	-	-	-	111	111
Venue costs	13	-	13	229	-	229
<b>Expenditure</b>	<b>3,646</b>	<b>-</b>	<b>3,646</b>	<b>3,848</b>	<b>5,281</b>	<b>9,129</b>

**3. OPERATING SURPLUS (DEFICIT)**

	2012 £'000	2011 £'000
<b>The results are stated after charging/(crediting):</b>		
Rental income	(22)	(24)
Operating lease rentals		
Land and buildings	221	452
Depreciation	60	158
Dilapidations	-	24
Irrecoverable VAT	-	111
Auditor's remuneration		
- audit	12	24
- tax	2	4
- other services pursuant to legislation	1	3
- other services	32	9

London First's former subsidiary London & Partners International (formerly Think London) had a ruling from HM Revenue & Customs in respect of its contract with the London Development Agency that it should be treated as a grant from 1 April 2003. There is no effect of this in the current year but the sum of £111k relating to irrecoverable VAT on that contract was charged to the income and expenditure account in 2011.



**LONDON FIRST**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**4 CHANGES IN GROUP STRUCTURE**

The Mayor of London reviewed the future of three promotional agencies in the previous year with the conclusion that Think London, Visit London and Study London merged with effect from 1 April 2011

The consequence of these new arrangements was that London First withdrew from membership of London & Partners International (formerly Think London) on 31 March 2011 and was replaced by London & Partners as the sole member

The cost to the group of this restructuring amounted to £429,000 in 2011 with no charges incurred in 2012

**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The group employed salaried persons and benefited from additional voluntary and seconded staff

	2012 No	2011 No
The average number of employees employed, including seconded staff, on core activities throughout the year was	32	83
	<u>£'000</u>	<u>£'000</u>
Total gross wages and salaries	2,082	5,316
Employer's national insurance contributions	252	500
Pension scheme costs	64	201
Seconded staff	-	203
Temporary staff	41	8
	<u>2,439</u>	<u>6,228</u>

The total director's emoluments, being the highest paid director, for the year were £246k (2011 - £210k)  
 Non-executive directors do not receive any remuneration or expenses

**LONDON FIRST**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**6 SHARE OF ASSOCIATE'S SURPLUS BEFORE INTEREST AND TAXATION**

	2012 £'000	2011 £'000
Continuing operations	-	10

**7. TAXATION**

	2012 £'000	2011 £'000
United Kingdom corporation tax at 20% (2011 - 21%)	9	10

	2012 £'000	2011 £'000
Deficit before taxation	(44)	(507)
Tax charge on deficit before taxation at 20% (2011 - 21%)	(9)	(106)

**Factors affecting tax charge for the year:**  
Amounts exempt from tax

	18	116
	9	10
Share of associate's tax	-	-
Total actual amount of current tax	9	10

In June 2010 the UK Government announced that it would introduce legislation that would reduce the corporation tax rate to 20% with effect from 1 April 2011. This legislation was substantively enacted on 27 July 2010. The effective tax rate for the period to 31 March 2012 has reduced accordingly.

**8. (DEFICIT) SURPLUS ATTRIBUTABLE TO THE COMPANY**

The deficit for the financial year dealt with in the financial statements of the parent company was £39,000 (2011 - surplus of £1,108,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

**LONDON FIRST**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**9. TANGIBLE FIXED ASSETS**

**GROUP AND COMPANY**

	Computer equipment £'000	Equipment, fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 1 April 2011	128	218	346
Additions	38	-	38
Disposals	(57)	(40)	(97)
At 31 March 2012	109	178	287
<b>Accumulated depreciation</b>			
At 1 April 2011	104	147	251
Charge for the year	25	35	60
Disposals	(57)	(40)	(97)
At 31 March 2012	72	142	214
<b>Net book value</b>			
At 31 March 2012	37	36	73
At 31 March 2011	24	71	95

**10. INVESTMENTS**

**SUBSIDIARY UNDERTAKING**

Subsidiary Undertaking	Nature of business	Country of incorporation	Company type	Interest
Directly held				
Skills Festival Company	Promotion of Skills London event	England and Wales	Limited by guarantee	Sole member

London First withdrew from membership of London & Partners International (formerly Think London) on 31 March 2011 and has been replaced as sole member by London & Partners. London & Partners have also become the sole member of London & Partners (US) Ltd (formerly Think London (US) Ltd) in place of London & Partners International.

**LONDON FIRST**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**10. INVESTMENTS (continued)**

**ASSOCIATE**

The London Business Club, a company limited by guarantee, was incorporated on 26 June 2001 in England and Wales with three members (London First being one member). London First cannot benefit financially from this investment as the constitution of The London Business Club debars it from making any form of distribution to its members.

Extracts from the audited statutory accounts of The London Business Club to 31 March 2012 are

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	343	547
Less expenditure	(343)	(518)
Surplus	-	29
		<b>GROUP</b>
		<b>£'000</b>
Share of net assets		
At 1 April 2011		10
Share of accumulated surplus for the year		-
At 31 March 2012		10

**11. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year				
Membership debtors	127	154	127	154
Project and other debtors	96	228	65	228
Amount owed by London & Partners International	-	1,140	-	1,140
Amount owed by London Business Club	-	-	1	-
Staff loans	12	11	11	11
Other debtors	-	8	-	2
Prepayments and accrued income	137	127	77	127
	<u>372</u>	<u>1,668</u>	<u>281</u>	<u>1,662</u>

**12. CURRENT ASSET INVESTMENTS**

Surplus cash balances are invested in short term deposits with the company's bankers

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Short term deposits	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>

**LONDON FIRST**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	131	99	62	99
Amounts owed to Skills Festival Company	-	-	306	318
Amounts owed to The London Business Club	-	19	-	19
Corporation tax	9	5	9	5
Other taxation and social security	75	67	66	67
Other creditors	-	4	-	-
Accruals and deferred income	2,122	2,116	2,009	2,116
	<u>2,337</u>	<u>2,310</u>	<u>2,452</u>	<u>2,624</u>

**14. ACCUMULATED SURPLUSES**

	<b>GROUP</b>			<b>COMPANY</b>	
	<b>Designated</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Unrestricted</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2011	528	1,107	934	1,097	934
(Deficit)/surplus for the year	(14)	(78)	39	(78)	39
At 31 March 2012	<u>514</u>	<u>1,029</u>	<u>973</u>	<u>1,019</u>	<u>973</u>
At 1 April 2010	-	2,163	923	-	923
Re-classification	631	(631)	-	-	-
(Deficit)/surplus for the year	(103)	(425)	11	1,097	11
At 31 March 2011	<u>528</u>	<u>1,107</u>	<u>934</u>	<u>1,097</u>	<u>934</u>

Designated Reserves comprise the accumulated reserves of Skills Festival Company, the use of which the directors presently intend should be confined to development projects

Restricted Reserves represent funds which must be used to promote London for the benefit of business in the region of London in accordance with the objects of London & Partners International (formerly Think London) (£1,019k) and a third share of the accumulated reserves of The London Business Club (£10k)

**LONDON FIRST**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**15. FINANCIAL COMMITMENTS**

There were no capital commitments at the year end (2011 - £nil)

London First has provided a warranty to London & Partners in respect of London & Partners International (formerly Think London) for unforeseen liabilities relating to the period up to March 2011. The total warranty was for £100,000 relating to the period from April 2011 to December 2011 and has reduced to £50,000 for the period January 2012 to May 2012. Any payment made against this warranty will be deducted from the restricted reserves. No unforeseen liabilities have resulted in a claim against this warranty.

The group and company was committed to making the following payments during its next year in respect of operating leases

<b>GROUP</b>	<b>Land and buildings</b>		<b>Other</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leases which expire				
After five years	200	200	-	-
	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
<b>COMPANY</b>	<b>Land and buildings</b>		<b>Other</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leases which expire				
After five years	200	200	-	-
	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>

**16. RELATED PARTY TRANSACTIONS**

In the ordinary course of business the company has traded with its subsidiaries. The group is exempt from disclosing details of these transactions as they are eliminated on consolidation.