



REGISTRAR OF COMPANIES

LONDON FIRST

(a company limited by guarantee)

Company Registration No. 2756521

Report and Financial Statements

30 September 2016

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LONDON FIRST
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 30 SEPTEMBER 2016

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

John Allan (chairman)
Roger Bright
Des Gunewardena
Mollie Jackson
Angela Jain (appointed 2 December 2015)
Peter Kiernan (appointed 2 December 2015)
Professor David Latchman
Carole Machell (appointed 2 December 2015)
Craig McWilliam (appointed 31 October 2016)
Chet Patel
Mark Reynolds (appointed 1 December 2016)
Bob Rothenberg (hon. treasurer)
Caroline Thomson (appointed 2 December 2015)
John Tucker
Peter Vernon
Stephen Warrington
Jasmine Whitbread (chief executive appointed 1 December 2016)

Barratt Developments plc
Independent
D&D London
Southbank Centre
ITV
Independent
Birkbeck College
Barclays
Grosvenor
BT
Mace
Blick Rothenberg
Digital UK
Independent
Grosvenor
Independent
London First

COMPANY SECRETARY

Anzo Francis

REGISTERED OFFICE

Middlesex House
34-42 Cleveland Street
London W1T 4JE

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

Buzzacott LLP
Chartered Accountants and Statutory Auditor
130 Wood Street
London EC2V 6DL

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STRATEGIC REPORT

BUSINESS OBJECTIVE

London First is a not for profit business membership organisation that aims to make London the best city in the world in which to do business. Our Members reflect the diversity of London's economy, representing a range of sectors including property, transport, finance, professional services, creative industries, hospitality, retail and higher education. We work in partnership with business leaders from across these sectors to identify and address the core challenges that our capital faces, with the shared goal of strengthening London's global competitiveness. London First employs 41 staff (30 September 2015: 38), all based in its central London office.

FINANCIAL PERFORMANCE

Last year, London First changed the financial year end to 30 September to coincide with our membership year. The company achieved a result on unrestricted activities before taxation of £nil for the year ended 30 September 2016 (six months ended 30 September 2015: £4k deficit).

KEY PERFORMANCE INDICATORS

The company's key performance indicators are described below.

The private sector continued to provide strong support for the work of London First with membership subscriptions earned in the year ended 30 September 2016 increasing to £4,158k (six months ended 30 September 2015: £1,988k). On a twelve month basis, this represents an increase of 11% compared to the year ended 30 September 2015.

The company was successful in recruiting new members, with numbers increasing by 12% from 209 to 234 members.

The average number of staff employed during the year ended 30 September 2016 was 41 (six months ended 30 September 2015: 38) which represents an 8% increase.

Unrestricted reserves at 30 September 2016 totalled £580k (30 September 2015: £583k).

The activities of the company also include the management of restricted funds relating to a grant from a former subsidiary, Think London, whose work is now undertaken by London & Partners. This is being used to promote London for the benefit of business in the region of London and will continue to affect the overall year end results whilst it distributes grants. Grants paid in the year ended 30 September 2016 totalled £253k (six months ended 30 September 2015: £100k).

REPORT ON ACTIVITIES DURING THE YEAR

The major external event during the year was the referendum vote on 23 June 2016 and the decision to leave the EU which was then followed by a change in prime minister. We ran a high energy Remain campaign with innovative means of approaching younger people with extensive use of social media and apps. Our messages reached 1 million people, mainly younger instagrammers. We achieved very high media coverage, a record £1.7m advertising value equivalent in our coverage concentrated in quality national papers and spokespeople from the tech sector. Turnout and pro remain voting from the young was higher than predicted. However the overall result (Brexit) was not what the majority of our business members were seeking. On a positive note, we nevertheless cemented new relationships with the Mayor of London's team and further engaged with business leaders as a result. We have now moved to making sure that London thrives in a Brexit world.

We ran the Let Britain Fly campaign throughout the year. The cabinet finally made a decision on 25 October 2016 to build a new runway at Heathrow airport. Many political factors may continue to influence this decision positively or negatively. Brexit should mean links to the rest of world are more important. We maintained high energy activity, co-ordinating a letter signed by business leaders which was turned around the weekend after the referendum and published in The Times. The letter was followed up with extensive media broadcast and other print coverage.

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STRATEGIC REPORT (continued)

In June 2016 we delivered a very successful Global Cities Business Alliance symposium in line with our strategy to encourage exchange of best practice between business and cities dealing with global urbanisation. The event had well received content and nine cities were in attendance. It has broken even and recruited several new partners.

The Totally Thames event took place during September 2016, celebrating the Thames and partly funded by our Think London legacy fund.

Campaigning on the problem of housing up to the Mayoral election in May 2016 worked as intended and housing was accepted as a top issue by all candidates, and recognised by members likewise. Since the election we launched our version of Homes for Londoners with the GLA on 6 July 2016 and the GLA has now launched its approach which in large part follows our recommendations, including taking our advice on Board membership. In particular, we are encouraging the GLA to adopt our Economic Development Agenda for London and to match rhetoric with reality when it comes to building 50,000 homes a year. We released two housing reports in the year; one on how to ensure local authorities meet their borough house building targets and the other on the need for more dense housebuilding.

FUTURE PROSPECTS

London First is now in the fourth year of its 2020 Business Plan. This plan seeks to increase member engagement, to enhance our international awareness and above all to focus on a few priority areas at any one time. It also provides flexibility to react fast to unexpected external events. Alongside our priorities, we keep a permanent eye on a set of “drivers” of London’s competitiveness. Our nine ‘drivers’ include increasing aviation capacity, sponsoring an economic development agenda for London, a positive relationship with the rest of Europe, increasing house building, investment in infrastructure, a built environment, planning and development to support London’s growth, access to a skilled workforce, competitive tax rates and devolution of powers and funding.

The business plan for 2016/17 continues to address the key drivers of London’s competitiveness. The main priority will be working with our members to ensure that Brexit works for London and the UK, plus preparation for the Article 50 invocation expected in March 2017.

Our priorities for 2016/17 are as follows:

- Campaigning to achieve a step change in annual new housing build, to 50,000 homes a year in London at the end of the next mayoral term (2020);
- Mobilising the business community and working across sectors to achieve a Brexit strategy that works for London and the UK; and
- Preparing for a successful June 2017 Global Cities Business Alliance event to be held in New York and continued sharing of best practice between cities and businesses around the world

We will continue to champion London being “open for business”, keeping a watchful eye on skills and immigration policy and supporting London’s economic development agenda.

GOVERNANCE, SUBSIDIARIES AND FORMER SUBSIDIARIES

The Board is supported in its management of the company by four committees covering nominations, remuneration, finance and the use of the grant from Think London.

London First has one wholly owned subsidiary, Skills Festival Company Limited. The principal activity of Skills Festival Company is to run ‘Skills London’, one of the UK’s biggest youth jobs and training events. The next Skills London event will be held at ExCel in December 2016 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.

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STRATEGIC REPORT (continued)

RESERVES

Overall reserves totalled £676k at 30 September 2016 (30 September 2015: £932k). £96k of this relates to the balance of grant from Think London and restricted reserves (30 September 2015: £349k). Unrestricted reserves totalled £580k (30 September 2015: £583k).

The company has a policy of seeking to achieve a level of unrestricted reserves sufficient to cover six months' salary and office accommodation costs, to guard against unforeseen circumstances. Some progress has been made in recent years in increasing reserves towards the target. An amendment to the reserves policy, reducing the target level to four months' salary and office accommodation costs, will be proposed to the board in January 2017. The level of cover, including the reserves of Skills Festival Company, was the equivalent of approximately four months' salary and rental costs at 30 September 2016.

FINANCIAL INSTRUMENTS

London First does not have any financial instruments other than cash, short term debtors and creditors. Cash balances are held with the Royal Bank of Scotland and the Nationwide Building Society and earn competitive rates of interest in a low interest rate climate.

RISK MANAGEMENT

A review of risk management and insurances is undertaken by the Finance Committee prior to submission to the Board for approval each year. The review outlines high end risks faced by the organisation and the actions that would be taken in mitigation. The primary and secondary risks identified in 2015/16 were as follows:

Primary

- Failure to get positioning right in public e.g. reaction to Brexit and Air campaigns
- Internal leadership and management competence
- Departure of Chief Executive in December 2016

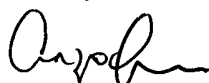
Secondary

- Long term failure to be in tune with politicians and/or members
- Failure to develop good content for policy and briefings
- Failure to be seen to make progress on priorities and things that matter
- Ineffective delivery of events or project activities
- Impact of the above on company reputation

EVENTS AFTER BALANCE SHEET DATE

Baroness Jo Valentine stepped down as chief executive on 1 December with her contract formally ending on 31 December 2016. Jasmine Whitbread was appointed as chief executive with effect from 1 December 2016.

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



Anzo Francis
Company Secretary
REGISTERED OFFICE
Middlesex House
34-42 Cleveland Street
London, W1T 4JE

Date: 13 January 2017

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REPORT AND FINANCIAL STATEMENTS 30 SEPTEMBER 2016

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2016.

GOING CONCERN

The directors are confident that the company 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 30 September 2016, there were 234 guarantors on the register of members (30 September 2015: 209).

DIRECTORS

A list of current directors who have served during the year is set out on page 2. Noel Harwerth resigned on 4 December 2015. Barrie Hadfield resigned on 9 June 2016. Baroness Jo Valentine resigned on 1 December 2016.

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/she ought to have taken as a director to make him/herself 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 resigned as auditors on 4 August 2016. Buzzacott LLP were appointed as auditors in August 2016 and have expressed their willingness to continue in office as auditors 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



Anzo Francis
Company Secretary
REGISTERED OFFICE
Middlesex House
34-42 Cleveland Street
London, W1T 4JE

Date: 13 January 2017

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REPORT AND FINANCIAL STATEMENTS 30 SEPTEMBER 2016

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 company and of the profit or loss of the company for the year. 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 company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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REPORT AND FINANCIAL STATEMENTS 30 SEPTEMBER 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON FIRST

We have audited the financial statements of London First for the year ended 30 September 2016 which comprise the income and expenditure account, the balance sheet, the statement of changes in accumulated reserves, the statement of cash flows, the notes to the statement of cash flows and the related notes to the financial statements. 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 30 September 2016 and of its 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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REPORT AND FINANCIAL STATEMENTS 30 SEPTEMBER 2016

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP
Statutory Auditor
130 Wood Street
London EC2V 6DL

17 January 2017

LONDON FIRST
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INCOME AND EXPENDITURE ACCOUNT
Year ended 30 September 2016

	Note	General £'000	Restricted funds £'000	Total year ended 30 September 2016 £'000	Total six months ended 30 September 2015 £'000
INCOME					
Members' subscriptions		4,158	-	4,158	1,988
Project and sundry income		617	-	617	439
		<u>4,775</u>	<u>-</u>	<u>4,775</u>	<u>2,427</u>
EXPENDITURE					
Salaries	3	3,375	-	3,375	1,483
Consultancy fees		36	-	36	91
Grants		-	253	253	100
Depreciation	7	117	-	117	56
Rent and rates		379	-	379	189
Operating expenses		893	-	893	620
		<u>4,800</u>	<u>253</u>	<u>5,053</u>	<u>2,539</u>
OPERATING DEFICIT BEFORE INTEREST AND TAXATION					
	4	(25)	(253)	(278)	(112)
Interest receivable		<u>25</u>	<u>-</u>	<u>25</u>	<u>9</u>
DEFICIT BEFORE TAXATION					
		-	(253)	(253)	(103)
Taxation	6	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(2)</u>
DEFICIT AFTER TAXATION					
	12	<u><u>(3)</u></u>	<u><u>(253)</u></u>	<u><u>(256)</u></u>	<u><u>(105)</u></u>

All activities derive from continuing operations. Restricted grants paid represent funds used to promote London for the benefit of business in the region of London in accordance with the objects of the former Think London.

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

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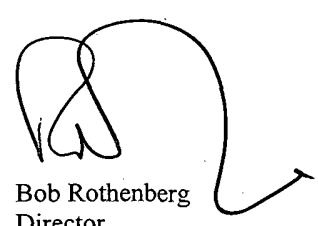
BALANCE SHEET
30 September 2016

	Note	30 September 2016 £'000	30 September 2015 £'000
FIXED ASSETS			
Tangible assets	7	268	371
Investments	8	-	-
		<u>268</u>	<u>371</u>
CURRENT ASSETS			
Debtors	9	4,737	3,875
Investments	10	1,235	1,763
Cash at bank and in hand		444	711
		<u>6,416</u>	<u>6,349</u>
CREDITORS: amounts falling due within one year	11	<u>(6,008)</u>	<u>(5,788)</u>
NET CURRENT ASSETS		<u>408</u>	<u>561</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>676</u>	<u>932</u>
REPRESENTED BY:			
Accumulated surpluses:	12		
Restricted		96	349
Unrestricted		580	583
		<u>676</u>	<u>932</u>

The financial statements of London First, registered number 2756521, were approved by the Board of Directors and authorised for issue on 13 January 2017.

Signed on behalf of the Board of Directors


John Allan
Director


Bob Rothenberg
Director

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STATEMENT OF CHANGES IN ACCUMULATED RESERVES
Year ended 30 September 2016

	Restricted £'000	Unrestricted £'000	Total £'000
At 1 October 2015	349	583	932
Deficit for the financial year	(253)	(3)	(256)
At 30 September 2016	<u>96</u>	<u>580</u>	<u>676</u>

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STATEMENT OF CASH FLOWS
Year ended 30 September 2016

Note	Year ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
Cash flows from operating activities		
Deficit for the financial year	(256)	(105)
Depreciation	117	56
Increase in debtors	(862)	(3,067)
Increase in creditors	217	2,623
Interest received	(25)	(9)
Taxation	3	(2)
	<hr/>	<hr/>
Cash used in operations	(806)	(500)
Income taxes paid	-	-
	<hr/>	<hr/>
Net cash outflow from operating activities	(806)	(500)
Cash flows from investing activities		
Interest received	25	9
Purchases of tangible fixed assets	(14)	(5)
	<hr/>	<hr/>
Net cash from investing activities	11	4
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(795)	(496)
Cash and cash equivalents at the beginning of the year	2,474	2,970
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	A 1,679	2,474
	<hr/>	<hr/>

NOTES TO THE STATEMENT OF CASH FLOWS

A. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 30 September 2016 £'000	At 30 September 2015 £'000
Cash at bank and in hand	444	711
Current asset investments	1,235	1,763
	<hr/>	<hr/>
	1,679	2,474
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2016

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

General information and basis of accounting

The company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on pages 3 to 5.

The financial statements have been prepared under the historical cost convention (except for the valuation of donations in kind and donated fixed assets), modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements are presented in sterling and rounded to the nearest thousand pounds.

The company 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 10 an Income and Expenditure Account which show the results for the period, 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 company's activities and discloses in sufficient detail information related thereto.

Group accounts

Group accounts have not been prepared as the group qualifies as a small sized group.

Going concern

The directors are confident that the company 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.

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.

Income from members' subscriptions is recognised when paid and is spread over the relevant subscription period.

Subscription income received relating to future years is deferred to the relevant year.

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 company's purposes is treated as totally unrestricted unless it has been designated by the directors for specific purposes.

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.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

1. ACCOUNTING POLICIES (continued)

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%

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.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as current asset investments.

Creditors

Creditors are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the company anticipates it will pay to settle the debt.

Leases

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

Pension costs

The company contributes to 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% (six months ended 30 September 2015: 20%).

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.

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NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Income recognition

The Finance Committee review all debtors that are included in the balance sheet on an individual basis and assess whether any bad debt provision should be made. In general terms, a bad debt provision is made for all membership debtors that are more than 90 days old unless the Committee is satisfied that there is sufficient evidence that the invoice will be paid. The Committee takes a cautious approach in income recognition.

3. EXPENDITURE

	Year ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
Salaries	3,375	1,483
Consultancy fees	36	91
Grants	253	100
Depreciation	117	56
Rent and rates	379	189
Operating costs	778	530
Travel, subsistence and entertaining	34	34
Publications	81	56
	<u>5,053</u>	<u>2,539</u>

4. OPERATING DEFICIT

	Year ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
The results are stated after charging:		
Operating lease rentals		
Land and buildings	251	127
Depreciation	117	56
Auditor's remuneration		
- audit	11	12
- tax	2	2
	<u> </u>	<u> </u>

LONDON FIRST
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company employed salaried persons and benefited from additional voluntary and seconded staff.

	Year ended 30 September 2016 No.	Six months ended 30 September 2015 No.
The average number of employees employed, including seconded staff, on core activities throughout the period was:	41	38
	Year ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
Total gross wages and salaries	2,937	1,308
Employer's national insurance contributions	359	152
Pension scheme costs	72	23
Temporary staff	7	-
	<u>3,375</u>	<u>1,483</u>

The key management personnel of London First in charge of directing, controlling, running and operating the company on a day to day basis were the non-executive directors and Executive Team. The total emoluments of the Executive Team for the year were £978k (six months ended 30 September 2015: £430k). Non-executive directors do not receive any remuneration or expenses. The total director's emoluments, being the highest paid director, for the year were £293k (six months ended 30 September 2015: £140k), and pension contributions were £nil (six months ended 30 September 2015: £nil).

6. TAXATION

	Year ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
United Kingdom corporation tax at 20% (Six months ended 30 September 2015 - 20%)	5	2
Over-provision in prior year	(2)	-
	<u>3</u>	<u>2</u>
Deficit before taxation	<u>(253)</u>	<u>(103)</u>
Tax charge on deficit before tax at 20% (Six months ended 30 September 2015 - 20%)	(50)	(20)
Factors affecting tax charge for the year:		
Amounts exempt from tax	<u>55</u>	<u>22</u>
Total actual amount of current tax payable	<u>5</u>	<u>2</u>

LONDON FIRST
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

7. TANGIBLE FIXED ASSETS

	Computer equipment £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 October 2015	106	487	593
Additions	4	10	14
	<hr/>	<hr/>	<hr/>
At 30 September 2016	110	497	607
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 October 2015	78	144	222
Charge for the year	19	98	117
	<hr/>	<hr/>	<hr/>
At 30 September 2016	97	242	339
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2016	13	255	268
	<hr/>	<hr/>	<hr/>
At 30 September 2015	28	343	371
	<hr/>	<hr/>	<hr/>

8. INVESTMENTS: SUBSIDIARY UNDERTAKING

Skills Festival Company, a company limited by guarantee, was incorporated on 31 October 2003 in England and Wales with the company as its sole member. London First, as its sole member, cannot benefit financially from this investment as the constitution of Skills Festival Company debars it from making any form of distribution to its members.

In December 2016, the Skills Festival Company will hold its annual Skills London event and will do so annually going forward. The Mayor of London committed to provide funding for the event for three years starting in 2013.

Extracts from the unaudited management accounts of Skills Festival Company to 30 September 2016 are:

	Year ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
Turnover	570	628
Less expenditure	(259)	(257)
	<hr/>	<hr/>
Surplus on normal activities	311	371
	<hr/>	<hr/>
Accumulated surplus	726	371
	<hr/>	<hr/>

LONDON FIRST
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

9. DEBTORS

	30 September 2016 £'000	30 September 2015 £'000
Amounts falling due within one year:		
Membership debtors	4,465	3,594
Project and other debtors	94	171
Staff loans	10	8
Other debtors	5	7
Prepayments and accrued income	163	95
	<u>4,737</u>	<u>3,875</u>

10. CURRENT ASSET INVESTMENTS

Surplus cash balances are invested in short term deposits with a major UK bank.

	30 September 2016 £'000	30 September 2015 £'000
Short term deposits	<u>1,235</u>	<u>1,763</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 September 2016 £'000	30 September 2015 £'000
Trade creditors	115	100
Amounts owed to Skills Festival Company	130	225
Corporation tax	5	66
Other taxation and social security	862	842
Accruals and deferred income	4,896	4,555
	<u>6,008</u>	<u>5,788</u>

12. ACCUMULATED SURPLUSES

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 the former Think London. Unrestricted reserves are maintained to guard against unforeseen circumstances.

LONDON FIRST
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NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

13. FINANCIAL COMMITMENTS

There were no capital commitments at the period end (30 September 2015: £nil).

The company's future minimum operating lease payments are as follows:

	30 September 2016 £'000	30 September 2015 £'000
Land and buildings		
Within one year	274	274
Between one and five years	1,145	1,124
After more than five years	299	594

14. RELATED PARTY TRANSACTIONS

During the year ended 30 September 2016 the company invoiced Skills Festival Company £33k (six months ended 30 September 2015: £33k) to cover administrative costs and charges relating to the Skills London event in December 2016.

15. ULTIMATE CONTROLLING PARTY

Control of the company lies with the Board; there is no overall controlling party.