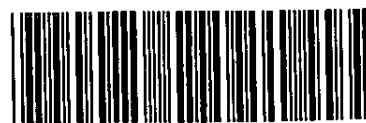


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LONDON HIGHER
(A company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2014

Charity Number: 1114873
Company Number 5731255

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COMPANIES HOUSE

LONDON HIGHER

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2014

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LONDON HIGHER

LEGAL AND ADMINISTRATIVE DETAILS

FOR THE PERIOD ENDED 31 JULY 2014

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 9JB
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 London HE
Neville Riley	Office Manager

LONDON HIGHER

LEGAL AND ADMINISTRATIVE DETAILS (continued)

FOR THE PERIOD ENDED 31 JULY 2014

BOARD OF TRUSTEES

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

Professor Malcolm Gillies, **Vice-Chancellor** (Chair of London Higher) – to July 2014
London Metropolitan University

Professor Peter John, **Vice Chancellor** – from June 2014
University of West London

Professor Veronica Lewis MBE, **Principal** – from June 2014
The Conservatoire for Dance and Drama

Patrick Loughfrey, **Warden** – from June 2014
Goldsmiths

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

Professor Geoffrey Petts, **Vice-Chancellor** (Chair of London Higher) - from August 2014
University of Westminster

Professor Paul Webley, **Director and Principal** – to June 2014
School of Oriental and African Studies

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

CO-OPTED TRUSTEES

Professor Peter Kopelman, **Principal** (Vice Chair of London Higher)
St. George's, University of London

Professor Fiona Ross, **Dean of the Faculty of Health & Social Care Sciences** – to June 2014
Kingston University London and St George's, University of London

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

Barbara M Stephens OBE, **Director of Special Projects** – to June 2014
The Open University

Professor Steve Tee, **Associate Dean (Education)** – from June 2014
King's College London

Professor Keith Zimmerman, **Director of Students** – from June 2014
The Open University

OBSERVERS FROM STAKEHOLDER ORGANISATIONS

David Noyce (**Region Director**) / Derek Hicks (**Consultant**)
HEFCE

LONDON HIGHER

TRUSTEES REPORT

FOR THE PERIOD ENDED 31 JULY 2014

The Trustees are pleased to present their report together with the financial statement of the charity for the period ended 31 July 2014

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 HEI that sets out the nature of the relationship between the company and each member.
- 3 **Trustees** Trustees are elected by the members, save a number that are co-opted with regard to specific interests. At present London Higher has four 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 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 **Structure of the Executive** The Executive is divided into four business divisions. These are listed below. Each division is a) a separate cost centre, b) overseen by an Advisory Group of members, and c) has its own Head of Division who reports directly to the Chief Executive. In addition the Chief Executive, Deputy Chief Executive and Office Manager meet as a Senior Management Team (SMT) every two weeks.
- 6 **Business Divisions of London Higher**
 - *London Higher Core*, Executive, Administration, Human Resources, Connecting HE and Case for HE
 - *Connecting HE* is responsible for delivering a range of conferences, workshops, briefing sessions and networks
 - *Case for HE* aims to create a robust evidence-base pertaining to, and in support of, HE in London,
 - *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
- 7 **Decision Making Protocols** The overall strategic direction of London Higher is set out in a three-year Business Plan that is drawn up by the Executive, approved by the Board of Trustees and agreed by the company members. Each year an Operational Plan is drawn up with the same approvals. The annual Operational Plan sets out the specific initiatives for the year together with expected costs. Heads of Division are responsible for delivering these initiatives on a day to day basis. The SMT monitors progress bi-weekly and each Quarter Trustees are given a written Progress Report. In addition any expenditure over £10,000, whether agreed in the Operational Plan or not, must be approved by the Board.
- 8 **Higher Education Institutions (HEIs)** Publically funded HEIs in London are our company members. In the *Members' Agreement* they devolve to the London Higher Board of Trustees the power to make decisions on their behalf in the collective interests of the group, or parts thereof. This authority is safeguarded by Advisory Groups for each of our operational divisions which comprise senior representatives from the membership group.

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE PERIOD ENDED 31 JULY 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

- 9 **Higher Education Partners** In response to Government policies aimed at reducing the distinction between publicly funded and other forms of higher education, in 2011 London Higher began to work with other, quality assured providers of higher education in London. We now recognise two partnership categories (as distinct from members): publicly funded higher education providers based *outside* London who have opened centres in London, and independent providers (including private providers and not-for-profit providers).
- 10 **Related Parties** The policy landscape for higher education is set by the Department for Business, Innovation and Skills, though the Minister for Higher Education, and implemented by the Higher Education Funding Council for England (HEFCE), a quasi-autonomous non-governmental organisation. London Higher does not seek to influence policy at the Government level, rather it aims to develop and run HE collaborations that reflect national policy but which are tailored to the London region and the unique nature of the London group of HEIs. HEFCE has a London regional team and London Higher works closely with HEFCE on a number of initiatives. The HEFCE London Regional Consultant is an observer on the London Higher Board of Trustees.
- 11 Additionally, the Mayor of London (GLA) and his executive, London and Partners (L&P), have interests in higher education as it pertains to the capital. London Higher maintains links with both.
- 12 **Risk Management** The Board of Trustees' annual Strategy Meeting monitors and reviews risks to the organisation and, where appropriate, requires the Executive to take action in mitigation. London Higher has established a central *Risk Register* and we have been awarded the *Investors in People* mark. Our policies governing risks are included in our *Employee Handbook* and most are available on our website.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

- 13 In June 2014 our current Business Strategy was approved by members. It defines our operating vision, mission and values.
- 14 **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 period 2014/15 to 2017/18 our vision will be *To be the forum for higher education institutions/providers in London*.
- 15 **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 period 2014/15 to 2017/18 our mission will be *To support our members to meet the challenges and opportunities of providing higher education in London*.
- 16 **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 period 2014/15 to 2017/18 our value statement will be *London Higher is a trusted, non-partisan and professional partner*.
- 17 **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 have identified four activities through which we will deliver our objectives:
 - a) **Advocacy,**
 - b) **Collaborations,**
 - c) **Networks;**
 - d) **Events.**
- 18 For over fifteen 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.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT (continued)

19 Our business model is described in detail in our *Business Strategy 2014-17* (pages 14-21) There are **three critical processes** involved in delivering this business model

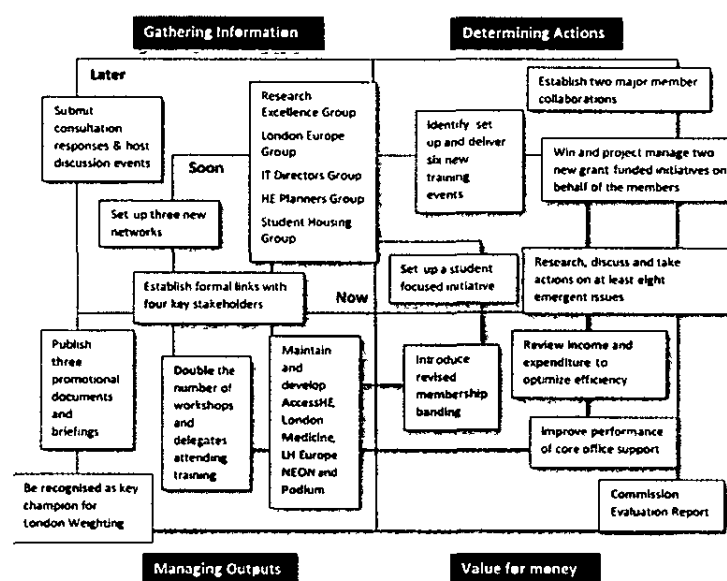
- a) *gathering information* on the status of our HE members (correctly identifying the challenge or opportunity),
- b) *determining the appropriate course of action* (formulating an appropriate response),
- c) *setting up and managing outputs* (i.e. running projects, organising meetings, lobbying or other activities requested by our members)

20 In addition to our business model we have also assessed the resources used within it, chiefly our skills, the tools we use and our financial resources. This is to ensure we have the **capabilities** to deliver across the range of our key business actions

21 We believe that broadly *London Higher* is equipped to meet the goals that have been set for the coming business cycle

Monitoring Progress

22 The Figure below represents at a glance our core performance measures in a single image set against our critical business processes and time



LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE PERIOD ENDED 31 JULY 2014

Adjustments and Action

- 23 It is our intention during this business cycle to adopt a dynamic approach to acting on performance. Where activities consistently under-perform against expectation they will be curtailed or withdrawn, providing they are not essential to the running of the organisation. We expect to continually make adjustments to our programmes, offerings and services in order to achieve the maximum return and benefit for our members, partners and stakeholders. The mechanisms for these decisions will be the SMT (through dashboard meetings) and ultimately the Board, where such approval is required.

Evaluation of London Higher

- 24 During the course of this business cycle we intend to conduct an evaluation of the organisation and its value to members.
- 25 **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.
- 25 In this section we give summaries of some of the main activities each of our divisions has undertaken during the past year.
- 26 **Case for HE** is a core work stream of London Higher, resourced primarily by member contributions in association with HEFCE. The programme 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) continued to lobby on Open Access and VAT on research, co-ordinating responses on both issues across Government, b) lobbied on the format of EU funding in London, submitting a pan-London response to the LEP consultation on the new ESIF strategy in November 2013 and maintaining an HE representative on the London Programme Review Group, c) co-ordinated four workshops for staff seeking to submit proposals to the new Horizon2020 programme, d) ran a series of professional networks including *IT Directors' Group*, *the HE Planners' Group* and *the London Student Experience Network*, e) conducted a number of surveys for members and partners, e.g. a survey on UK and international postgraduate recruitment, an online survey of part-time postgraduates in London and a survey on IAG for flexible (part-time) study and admissions provision.
- 27 **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 groups *London Medicine* and the *Healthcare Education Group*, *London Medicine & Healthcare* provides a discussion platform and advocacy of the delivery of medical and healthcare education and training in London. During the year we: a) ran our standing Advisory Groups with guest including Niall Dickson, Chief Executive, General Medical Council, Chris Welsh OBE, Director of Education & Quality, Health Education England, Professor the Lord Ara Darzi, Chair of the London Health Commission, b) Ran breakfast briefings, e.g. on HEE's new Workforce Plan for England 2014/15 and medical and dental commissioning numbers, c) successfully transferred *London Life Science*, our website establishing a community of life science practitioners around a shared interest in the facilities and services available in and around London to MedCity, the initiative leading the global promotion of London's life science sector, tasked by the Mayor of London, d) set up the *London Healthcare Higher Education Access Forum*, to improve the access and success of healthcare students across the student lifecycle.

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE PERIOD ENDED 31 JULY 2014

SIGNIFICANT ACTIVITIES (continued)

- 28 *AccessHE* is a pan-London initiative that supports cross-sector collaboration to enable HEIs, schools and colleges to achieve their objectives on widening access to HE more efficiently and effectively. Now in its third full year of operation, the vision of AccessHE is that HE can be accessed by everyone in London who has the ability and capacity to succeed, regardless of their background or characteristics. AccessHE now has 27 member HEIs and 42 school/colleges members. During the year we a) published over 40 weekly E-bulletins outlining over 100 different activities that partner HEIs and AccessHE are delivering, b) held two Advocates' conferences involving over 100 schools/colleges, c) convened five Action Forums to share best practice and develop collaborative solutions in areas of pan-London access priority, e.g. *Supporting progression in the creative arts*, *Working with those with disabilities* and *Working with looked after children*, d) delivered four one-day 'expo' multi-HEI learner events across 2013-14 bringing together over 150 learners in Years 9 to 13 from 12 different schools with over 15 HEIs from inside and outside London, e) continued to manage the London Access Target which is delivering a unique programme of activities to 200 Year 10 pupils from 10 schools across London with the objective of making a real, measurable difference to their attainment, f) constructed a collaborative proposal to develop a new model of outreach activities for undergraduate students from under-represented backgrounds to encourage and support their progression into postgraduate study.
- 29 *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 HEE and OFFA in order to support the delivery of the National Access and Success Strategy and the new collaborative outreach networks for 2014-15. During this year NEON has a) run over twenty events across the country covering a range of topics and different areas of the country, b) organised the first NEON Summer Symposium, c) established six Working Groups, each led by members take to forward an agenda in different areas of access practice.
- 30 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_2014/LondonHigher_AnnRev2014.pdf

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE PERIOD ENDED 31 JULY 2014

FINANCIAL REVIEW

- 31 This has been our fifth Financial Year as a company limited by guarantee. It has been a challenging year financially for London Higher, not least because of sector-wide uncertainty but also because we have changed our Financial Year. In July 2013 the Board approved our decision to change our Financial Year-end from March 2014 to July 2014, to align with that of our members and to enable a smoother budgeting process. This had the effect of extending the 2013-14 Financial Year by four months, months where expenditure has remained constant but income has not. In acknowledgement of decreasing margins for the last three years the Board also took the decision in July 2013 to partly restore the member contribution. We restored membership contributions to 94% of the 2010 level (London Higher voluntarily reduced its member contributions in 2010 to help members through the worst of the financial crisis). Despite careful cost control, the partial restoration of members' contribution, increased revenue generation and some natural contraction, London Higher has made a deficit of £35,570 in unrestricted funds in 2013-2014.
- 32 **Carry-over** As at 31 July 2014, the Charity had unrestricted funds of £151,183. This is made up of fixed assets of £29,106 and reserves of £122,077. The other Divisions with restricted funds have reserves of £73,604. Carried over funds and reserves can be seen in more detail in section 12 Movement of funds.
- 33 **Reserves Policy** Our free Reserves (i.e. unrestricted funds excluding fixed assets) stood at £122,077 at 31 July 2014. This is c. £34k below three months' current salary costs as required by our Financial Regulations. We require reserves of this order to meet unexpected delays and fluctuations in the income of London Higher.
- 34 **Financial Plan** For the 2014-15 financial year we are forecasting income of c. £1.0m. In June 2014 we circulated a costed Operational Plan for 2014-15 to all members which indicates how this money will be disbursed.

PLANS FOR 2014-15

- 35 **Strategies for the year Operational Plan** With a budget envelope of just over £1 million we propose to deliver c. £143,500 of advocacy activities, c. £98,000 of collaborations, £18,000 of events and £11,500 of networking opportunities. New initiatives this year include:
- 1) Facilitate a sustained engagement programme with the Mayor of London,
 - 2) Help develop and evaluate a pioneering model of outreach activities to encourage and support undergraduates from under-represented backgrounds progress to postgraduate study,
 - 3) Conduct a substantial piece of research in support of keeping medical and health training funding in London,
 - 4) Develop a series of events to raise the profile of London HEIs in Brussels with a view to supporting greater success in EU funding competitions.

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE PERIOD ENDED 31 JULY 2014

FINANCIAL REVIEW (continued)

36 *Other goals* We categorise work for which we do not at present have full funding as Priority 2 and 3. We are often able to raise Priority 2 work to priority 1 in-year. Some examples of the work we hope to carry out in the plan include:

- 1) Develop our 'London is my Campus' initiative to include a mobile phone app and other tools to enhance student experience in London,
- 2) Host a flagship debate on diversity in academic leadership,
- 3) Establish a working group on promoting the social benefits of London HE to the wider UK,
- 4) Develop a campaign to highlight the additional costs of providing higher education in London, to include London Weighting in funding formulae but also in other areas such as student grants and maintenance loans

37 Further details of our planned activities can be found in our Operational Plan

http://www.londonhigher.ac.uk/fileadmin/documents/Publications_2014/LH_OpPlan_2014.pdf

STATEMENT OF TRUSTEES' RESPONSIBILITIES

38 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).

39 Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

40 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.

41 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

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE PERIOD ENDED 31 JULY 2014

STATEMENT OF TRUSTEES' RESPONSIBILITIES

AUDITORS

haysmacintyre were appointed as auditors during the year and 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. This report has been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005)

42 *Resolution* Approved by the London Higher Board of Trustees on 11/12/14 and signed on its behalf by



Professor Malcolm Gillis
Chair, London Higher

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON HIGHER FOR THE PERIOD ENDED 31 JULY 2014

We have audited the financial statements of London Higher for the period ended 31 July 2014, which comprise of the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

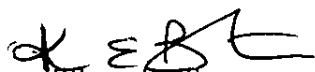
Opinion on other matter prescribed by the Companies Act 2006

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 Strategic Report.



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

*26 Red Lion Square
London
WC1R 4AG*

Date 11 December 2014

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 PERIOD ENDED 31 JULY 2014

	Notes	Unrestricted Funds	Restricted Funds	Total 16 months to 31 July 2014 £	Total 12 months to 31 March 2013 £
Incoming resources	Notes	£	£		
Incoming resources					
<i>Incoming resources from generated funds</i>					
Membership contributions	3	491,710	261,018	752,728	652,217
Investment income		631	-	631	562
<i>Charitable activities</i>					
Grants	4	50,000	81,500	131,500	285,000
Other incoming resources	4	119,623	56,041	175,664	237,439
Total incoming resources		661,964	398,559	1,060,523	1,175,218
Resources expended					
Charitable activities	5	670,055	594,275	1,264,330	1,435,026
Governance costs	6	20,742		20,742	12,586
Total resources expended	3	690,797	594,275	1,285,072	1,447,612
Net outgoing resources before transfers	2	(28,833)	(195,716)	(224,549)	(272,394)
Transfers between funds	12	(6,737)	6,737	-	-
Net expenditure for the year		(35,570)	(188,979)	(224,549)	(272,394)
Reconciliation of funds					
Total funds at 1 April 2013		186,753	262,583	449,336	721,730
Total Funds at 31 July 2014		151,183	73,604	224,787	449,336

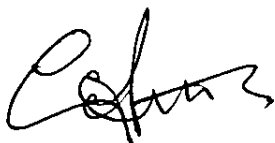
All amounts are from continuing activities
The notes on pages 14-23 form part of the accounts

BALANCE SHEET

AT 31 JULY 2014

		31 July 2014	31 March 2013
	Note	£	£
FIXED ASSETS	8	29,106	42,717
CURRENT ASSETS			
Debtors	9	75,180	85,660
Cash at bank and in hand		258,999	390,456
		334,179	476,116
CREDITORS: amounts falling due within one year	10	(138,498)	(69,497)
NET CURRENT ASSETS		195,681	406,619
NET ASSETS		224,787	449,336
FUNDS			
Unrestricted funds	12	73,604	186,753
Restricted funds	12	151,183	262,583
	12	224,787	449,336

The financial statements were approved and authorised for issue by the Board of Trustees on 11/12/14
and were signed on their behalf by



Professor Malcolm Gillies
Trustee

The notes on pages 14 to 23 form part of the accounts

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Companies Act 2006 and applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Cash flow statement

The charity qualifies as a small company within the meaning of the Companies Act 2006 and is therefore exempt from the preparation of a cash flow statement, under the Financial Reporting Standard No. 1.

Income

Income is derived from ordinary activities and is accounted for on an accruals basis.

Grants receivable are credited to the Statement of Financial Activities in the year for which they are received.

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

Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis. Membership and charitable activity costs include expenditure which is directly attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs are costs incurred in connection with the strategic management of the charity and in compliance with constitutional and statutory requirements.

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 time over £1,000.

Operating leases

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

Fund accounting

Funds held by the charity are either:

Unrestricted general fund – 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.

Pension scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risk associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 JULY 2014

2.	NET INCOMING RESOURCES			16 months to 31 July 2014 £	12 months to 31 March 2013 £
	This is stated after charging				
	Auditors remuneration (excluding VAT)				
	- current year			7,500	-
	- prior year (previous auditors)			-	9,480
	- under provision for prior year			8,363	-
	- other services (previous auditors)			5,648	-
	Depreciation			14,279	14,222
	Operating lease rentals			38,704	46,281
3	INCOMING RESOURCES FROM GENERATED FUNDS				
		Unrestricted Funds	Restricted Funds	16 months to 31 July 2014 £	12 months to 31 March 2013 £
		£	£		
	London Higher member contributions	385,877	-	385,877	306,750
	London Medicine contributions	-	83,000	83,000	113,000
	London partners	105,833	-	105,833	60,300
	Membership contributions	-	171,032	171,032	172,167
	Podium	-	6,986	6,986	-
		491,710	261,018	752,728	652,217
4	INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
		Unrestricted Funds	Restricted Funds	16 months to 31 July 2014 £	12 months to 31 March 2013 £
		£	£		
	Grants received				
	HEFCE	50,000	56,500	106,500	232,500
	STEM-Wales	-	-	-	10,000
	STEM – Bath	-	-	-	20,000
	Other grants	-	25,000	25,000	22,500
		50,000	81,500	131,500	285,000
	Project & event income	119,623	56,041	175,664	237,439
		169,623	137,541	307,164	522,439

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 JULY 2014

5 ANALYSIS OF CHARITABLE EXPENDITURE

	Direct Costs £	Support Costs £	16 months to 31 July 2014 £	12 months to 31-Mar 2013 £
London Higher	505,455	90,783	596,238	417,196
Podium	51,448	6,262	57,711	355,122
London Workforce Development (formerly BDU)	39,225	15,216	54,441	161,294
London Medicine & Healthcare	90,957	11,883	102,840	78,519
Case for London	73,817	-	73,817	53,026
Access HE & NEON	344,479	34,804	379,283	369,869
	<u>1,105,381</u>	<u>158,948</u>	<u>1,264,330</u>	<u>1,435,026</u>

ANALYSIS OF CHARITABLE EXPENDITURE

	16 months to 31 July 2014 £	12 months to 31 March 2013 £
Support costs		
Rent	46,570	53,100
IT Costs and Website Development	24,721	18,221
General Office Costs	18,865	11,081
Depreciation	14,270	14,222
Telephone	13,029	10,652
Accountancy and Professional fees	11,738	11,797
Catering and Hospitality	8,261	19,032
Insurance	5,896	3,658
Staff Costs	5,498	11,544
Travel and subsistence	5,356	4,632
Bank charges	3,821	1,278
Conference fees	665	2,759
Postage and Courier	258	467
	<u>158,948</u>	<u>162,443</u>

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 JULY 2014

6. GOVERNANCE COSTS	16 months to 31 July 2014 £	12 months to 31 March 2013 £
Audit and related fees	19,036	12,586
Other professional fees	1,706	-
	<u>20,742</u>	<u>12,586</u>

7 ANALYSIS OF STAFF COSTS	16 months to 31 July 2014 £	12 months to 31 March 2013 £
Wages and Salaries	713,737	681,038
Social security costs	62,016	59,911
Pension costs	109,001	100,816
Recruitment expenses	922	-
	<u>885,676</u>	<u>841,765</u>

The average number of employees was

	Number	Number
London Higher	4.9	4.9
Podium	0.2	3
Business Development Unit	0.5	0.5
London Medicine	1	1
Case for London	1	-
Access HE	3.6	4
	<u>11.2</u>	<u>13.4</u>

During the year there were 2 employees (2013: 2) 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

	16 months to 31 July 2014 Number	12 months to 31 March 2013 Number
£70,000 - £80,000	1	1
£100,000 - £110,000	1	1

Pension contributions payable by the Charity for the higher earners in the period were £38,388 (2013: £28,481)

No trustee received remuneration or reimbursement for expenses during the period (2013: NIL)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 JULY 2014

8. TANGIBLE FIXED ASSETS

	IT Equipment £	Fixtures & Fittings £	Furniture £	Total £
Cost				
At 1 April 2013	12,487	29,735	14,717	56,939
Additions	228	-	440	668
At 31 July 2014	12,715	29,735	15,157	57,607
Depreciation				
At 1 April 2013	3,109	7,434	3,679	14,222
Charge for the year	3,166	7,434	3,679	14,279
At 31 July 2014	6,275	14,868	7,358	28,501
Net Book Value				
At 31 July 2014	6,440	14,867	7,799	29,106
At 31 March 2013	9,378	22,301	11,038	42,717

9. DEBTORS

	2014 £	2013 £
Trade debtors	32,154	45,674
Other debtors	5,635	6,486
Prepayments and accrued income	37,391	33,500
	75,180	85,660

10. LIABILITIES amounts falling due within one year

	2014 £	2013 £
Trade creditors	13,913	28,782
Accruals	11,088	13,794
Deferred income	110,127	25,081
Other taxes and social security	1,950	
Other creditors	1,420	1,840
	138,498	69,497

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Fixed assets	29,106	0	29,106
Debtors	43,930	31,250	75,180
Cash at bank and in hand	28,939	230,060	258,999
Creditors	(28,371)	(110,127)	(138,498)
Total funds	73,604	151,183	224,787

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 JULY 2014

12 MOVEMENT IN FUNDS

	Brought forward at 01/04/2013 £	Incoming £	Outgoing £	Transfers £	Carried forward at 31/07/2014 £
Restricted funds					
PODIUM	10,725	46,986	(57,711)	-	-
London Workforce Development	41,303	-	(54,441)	13,138	-
London Medicine & Healthcare	55,731	83,164	(102,840)	36	36,091
Schools and HE	3,602			(3,602)	-
Access HE	83,985	193,780	(327,801)	50,036	-
NEON		74,629	(51,482)	-	23,147
Reserve funds	67,237	-	-	(52,871)	14,366
Total Restricted funds	262,583	398,559	(594,275)	6,737	73,604
Unrestricted funds					
London Higher	186,753	661,964	(690,797)	(35,843)	122,077
Designated fund – Fixed asset fund	-	-	-	29,106	29,106
Total Unrestricted funds	186,753	661,964	(690,797)	(6,737)	151,183
Total funds	449,336	1,060,523	(1,285,072)	-	224,787

Reserve fund this balance of £14,366 are funds held on behalf of all divisions LMHC £11,400 and AccessHE £2,966

PODIUM was the Further and Higher Education Unit for the 2012 Olympic and Paralympic Games The Unit has a national remit and is funded by HEFCE, HEFCW and the LSC Podium was closed on 30 June 2014

London Workforce Development was tasked with the development of businesses engagement with HEIs (Higher Education Institutions) in London, and to influencing their capability and capacity to deliver the higher level skills programmes required ensure London remains competitive in a truly global economy LWD closed on 31 10 2013

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

Schools and HE Working with schools and partners to make London a centre for world class education and to support London students' progression to higher education Schools and HE (SHELL) closed in 2012

Access HE 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

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 JULY 2014

13	OPERATING LEASE COMMITMENTS	2014 £	2013 £
	Lease and building held under operating leases which expire in		
	One to two years		-
	Two to five years	32,775	36,143
	Other equipment held under operating leases which expire in		
	Two to five years	6,580	2,193
	Total operating lease commitments	39,355	38,336

14 TAXATION

London Higher is exempt from tax on income and gains falling within sections 466-493 of the Corporation Taxes Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to charitable objects. No tax charges have arisen in the Charity.

15 PENSION SCHEME

London Higher participates in the Universities Superannuation

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK, three are appointed by the University and College Union, of whom at least one must be a USS pensioner member, and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follow:

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

15 PENSION SCHEME (continued)

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted

The assumed life expectations on retirement at age 65 are

Males (females) currently aged 65 23.7 (25.6) years

Males (females) currently aged 45 25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical

provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded, on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

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

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

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

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

Since the valuation effective date there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011.

15. PENSION SCHEME (continued)

These include

New Entrants

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

Normal pension age

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

Flexible retirement

Flexible retirement options were introduced

Member contributions increased

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

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

Pension increase cap

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

The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below.

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actual valuation of the scheme.

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set by the trustee are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that, putting the issue of the USS fund's size and scale to one side for a moment, it might be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows.

15. PENSION SCHEME (continued)

However, in order to meet the long-term funding objective within a level of contributions that it considers the sponsoring employers would be willing and able to make, it is necessary and appropriate for the trustee to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities, and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and most critically the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Some short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together in an integrated way the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS had over 148,000 active members and the institution had 13 active members participating in the Scheme.

The total pension cost for London Higher was £109,001 (2013: £100,816). There are no prepaid or outstanding contributions at this balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.