

LONDON HIGHER
(A company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

Charity Number: 1114873
Company Number: 5731255

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LONDON HIGHER
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

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LONDON HIGHER**TRUSTEES REPORT (continued)****FOR THE YEAR ENDED 31 JULY 2017**

Auditors	haysmacintyre 10 Queen Street Place London EC4R 1AG
Bankers	Royal Bank of Scotland Group (Education Sector) Commercial Banking 3 rd Floor, Cavell House 21 Charing Cross Road London WC2H ONN
Registered office	London Higher Tavistock House Tavistock Square London WC1H 9JJ
Company Registration Number	5731255
Charity Registration Number	1114873
Company Secretary	Michael Reynier

LONDON HIGHER SENIOR MANAGEMENT TEAM

Jane Glanville	Chief Executive Officer
Graeme Atherton	Head of AccessHE and NEON
Emmanuela Forte	Head of Finance (<i>joined Jul 2017</i>)
Amy Lightstone	Head of London Medicine & Healthcare
Michael Reynier	Deputy CEO & Head, Case for HE
Neville Riley	Head of Finance (<i>left July 2017</i>)
Jenny Wetherill	Head of Operations

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2017

BOARD OF TRUSTEES

Professor Linda Drew, Director & CEO (*Elected December 2017*)
Ravensbourne

Professor Peter John, Vice Chancellor
University of West London

Professor Paul Layzell, Principal (*Elected Chair of London Higher December 2017*)
Royal Holloway, University of London

Professor Veronica Lewis MBE, Principal (*Retired December 2017*)
The Conservatoire for Dance and Drama

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

Professor David Maguire, Vice-Chancellor
University of Greenwich

Professor Geoffrey Petts, Vice-Chancellor, Chair of London Higher (*Retired December 2017*)
University of Westminster

Professor Julius Weinberg, Vice-Chancellor (*retired September 2016*)
Kingston University London

CO-OPTED TRUSTEES

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

Dr Celia Caulcott, Vice-Provost, Enterprise and London (*from January 2017*)
UCL & London Economic Action Partnership

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

Professor Sir Adrian Smith, Vice-Chancellor
University of London

OBSERVERS FROM STAKEHOLDER ORGANISATIONS

Davina Madden / Steve Hall (London Regional Consultant)
Higher Education Funding Council for England

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2017

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 July 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

1. **Corporate Status.** London Higher is a company limited by guarantee with charitable status. It began as an unincorporated member association in 1999. It was incorporated on 6 March 2006 and registered as a charity in England and Wales on 26 June 2006. The charitable activities of the company were transferred from the University of London on 1 April 2009.
2. **Governing Document.** The company was established under *Memorandum and Articles of Association* dated 6 March 2006 which establish the objects and powers of the charitable company. In addition it operates under a *Members' Agreement* with each member that sets out the nature of the relationship between the company and each member.
3. **Trustees.** Trustees are elected by the members, save a number that are co-opted with regard to specific interests. At date of accounts London Higher has four co-opted Trustees. In addition London Higher Trustees invite observers from a limited number of key stakeholder organisations. London Higher has one observer (HEFCE).
4. **Trustee Induction & Training.** Member Trustees are familiar with the practical elements of the company as higher education institutions (HEIs) have charitable status as providers of education. Each new Trustee is directed to guidance by the Charities Commission and all relevant Governance documents relating to the company. New Trustees are given a briefing on London Higher. Trustees attend an annual Strategy Meeting that includes governance questions.
5. **Sub committees.** London Higher has a Finance Committee and a Remuneration Committee. The Finance Committee reviews the financial activity of the organisation by: monitoring London Higher's performance against budget; advising, supporting and by being a resource for the Head of Finance in overseeing the company's finances; ensuring that the financial elements of the organisation are in accordance with its vision, mission, and strategic plan; advising the board on the financial condition of the organisation; and reviewing the company's Financial Regulations. The function of the Remuneration Committee are to: determine and agree with the London Higher Board the broad policy for the remuneration of London Higher staff; have delegated authority to set individual remuneration arrangements for the most senior London Higher staff including the CEO; and recommend, monitor and note the level and structure of remuneration for London Higher staff.
6. **Structure of the Executive.** The Executive is divided into four business divisions. These are listed below together with their primary functions. Each division is: a) a separate cost centre; b) overseen by an Advisory Group of members; and c) has its own Head of Division who reports directly to the Chief Executive. In addition the Chief Executive, Deputy Chief Executive and Heads of Division meet as a Senior Management Team (SMT) every four months.
7. **Business Divisions of London Higher:**
 - *London Higher Core*, Executive, Administration, Human Resources, Case for HE, London Higher Europe and Special Projects;
 - *London Medicine & Healthcare*, bringing together London's schools of medicine, dentistry, healthcare and clinical academic institutions;
 - *AccessHE*, Pan-London organisation enabling provision of support for young people from disadvantaged backgrounds to enter Higher Education; AccessHE includes the London National Collaborative Outreach Programme (NCOP);
 - *NEON*, a national organisation supporting professionals involved in widening access to HE.
8. **Decision Making Protocols.** The overall strategic direction of London Higher is set out in a three-year Business Plan that is drawn up by the Executive, approved by the Board of Trustees and agreed by the company members. Each year an Operational Plan is drawn up with the same approvals. The annual Operational Plan sets out the specific initiatives for the year together with expected costs. Heads of Division are responsible for delivering these initiatives on a day to day basis. The SMT monitors progress and each quarter Trustees are given a written Progress Report. In

LONDON HIGHER

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2017

addition any expenditure or income over £10,000, whether agreed in the Operational Plan or not, must be approved by the Board.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

9. **Higher Education Institutions (HEIs).** Publicly funded HEIs in London are our company members. In the *Members' Agreement* they devolve to the London Higher Board of Trustees the power to make decisions on their behalf in the collective interests of the group, or parts thereof. This authority is safeguarded by Advisory Groups for each of our operational divisions which comprise senior representatives from the membership group.
10. **Higher Education Partners.** In response to Government policies aimed at reducing the distinction between publicly funded and other forms of higher education, in 2011 London Higher began to work with other, quality assured providers of higher education in London. We now recognise two partnership categories (as distinct from members): publicly funded higher education providers based *outside* London who have opened centres in London; and independent providers (including private providers and not-for-profit providers).
11. **Related Parties.** The policy landscape for higher education is currently set by the Department for Education (with some input from the Department of Business, Energy & Industrial Strategy and the Department for Health), and implemented by the Higher Education Funding Council for England (HEFCE), a quasi-autonomous non-governmental organisation. London Higher does not seek to influence policy at the Government level; rather it aims to develop and run HE collaborations that reflect national policy but which are tailored to the London region and the unique nature of the London group of HEIs. HEFCE has a London regional team and London Higher works with HEFCE on a number of initiatives. The HEFCE London Regional Consultant is an Observer on the London Higher Board of Trustees.
12. Additionally, the Mayor of London, the Greater London Authority (GLA) and the London Economic Action Partnership (LEAP) have interests in higher education as it pertains to the capital. London Higher maintains links with each. The HE representative on the LEAP is co-opted onto the London Higher Board of Trustees.
13. **Risk Management.** London Higher maintains a Risk Register which ranks the key risks to which the organization is exposed, their likely impact and our proposed responses to them. The Risk Register is a standing item on all Board Agendas and at each meeting one risk is examined in detail by the Board. The Risk register is also a standing item at all SMT meetings. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level. A Risk Register table is on page 5.

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TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2017

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

No.	Risk Ranking	Risk Area	Consequence	Mitigation
1	Members leave or do not make contributions	Financial	Reduced services to members and /or reduced staff level	CE has 1:1 meetings with all member to inform them of benefits and to receive feedback.
		Reputational	Damage to reputation (London Higher & Board) and our ability to do lobbying/advocacy & provide services	Provide excellent quality services that our members need
2	London Higher fails to comply with a grant or project or is otherwise pursued for compensation related to quality of its work	Financial	Damages / reparations could impact on financial stability	Careful contract management: i) Regular financial reporting by Office Manager; ii) regular project updates by head of relevant department & Executive; iii) maintain good working relationship with funders; iv) foster culture of early disclosure concerning problems
		Reputational	Loss of members would damage our reputation (London Higher & Board) and our ability to do lobbying and advocacy.	As above
		Reputational	Damage to the reputation of the organization to be trusted with data	
3	A London Higher division either becomes bankrupt or leaves LH	Financial	The overheads would be shared out amongst fewer divisions	12 notice period for division to leave. Monthly management accounts reports
		Reputational	Loss of prestige	Provide excellent quality internal services to hosted divisions; ensure that vfm of LH hosting is understood; be fair and reasonable in the event of a cessation
4	Lack of a notice period in our rental lease contract	Financial	Reduced services to members and /or reduced staff level	Either negotiate a notice period, give notice or if we are in a sufficiently sound financial position stay for the remaining five years.
5	London Higher loses its recurring HEFCE Grant	Financial	Reduced services to members and /or reduced staff level	Major Actions to be sanctioned by the Board
		Reputational	Sends a message of dis-investment to members	Executive to begin negotiations for grant extension one year before expiry

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

perform a pay review to ensure that there are no biases in our pay in regard to age, gender and ethnicity and that the job families are remunerated in reference to the broader market for these roles.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

15. In June 2017 our current Business Strategy (2014-2017) was extended to 2019 with approval by our members. This decision was taken to reflect the highly dynamic nature of higher education policy at the present time. The extended Business Strategy defines our operating vision, mission and values.
16. **Our vision** defines the way we would like *London Higher* to look in the future. It is our aspiration and gives the context for our work. Under our current *Business Strategy* our vision is: *To be the forum for higher education institutions/providers in London.*
17. **Our mission** tells people how we intend to achieve our vision. It is a statement that defines the fundamental purpose of *London Higher* and is intended to explain why we exist and what it is that we do. Under our current *Business Strategy* our mission is: *To support our members to meet the challenges and opportunities of providing higher education in London.*
18. **Our values.** *London Higher* values are the beliefs that are shared among ourselves, our members and HE stakeholders. Values are important to articulate in our Business Strategy because it is through our shared values that we will develop our mission and vision. Values are the enablers to achieving our vision and mission. Under our current *Business Strategy* our value statement is: *London Higher is a trusted, non-partisan and professional partner.*
19. **Our activities.** Taking our vision, mission and values as a starting point, and in particular our aspirations to anticipate changes, seek opportunities and tell our members' story, we identify four activities through which we deliver our objectives:
 - a) **Advocacy.** London Higher is the only voice that represents London's HE providers. No other body represents the full range of HE provision in London. We participate in consultations, respond to policy concerns and engage actively with key regional and national HE stakeholders.
 - b) **Collaborations.** London Higher is a non-partisan and trusted intermediary. When London HEIs act together the results are powerful and efficient. We manage collaborative initiatives and campaigns, e.g:
 - Case for HE (promotion and advocacy);
 - AccessHE & NEON (widening access);
 - London Medicine & Healthcare (health);
 - London Higher Europe (engagement with the EU).
 - c) **Networks.** No single organisation has the reach London Higher has across HE in London. Our professional networks bring together senior HE administrators across London to discuss the key issues affecting London HE. We use our networks to identify new opportunities and challenges for our members and to inform our advocacy, collaborations, events and projects
 - d) **Events.** Our senior-level roundtables, staff development workshops and dissemination events are unique in being centred on operational issues, using expertise from within our own membership and offering wrap-around support.
20. Our *Business Strategy* details on how these four strands interact to provide members with comprehensive and holistic support (cf. Figure 2 and Table 1). Table 3 and Figure 4
21. **Public Benefit.** Our work is informed by the need to act for the benefit of the public. In doing this we reference the Charities Commission guidance on public benefit. We engage with over forty HEIs. They teach 372,000 students and employ over 89,800 members of staff. These people are 'our primary public.' We benefit them in various ways as will be shown below, but in all cases our test is whether an action of ours will result in universities providing a

richer experience for their staff and/or students in London. A 'secondary public' comprises a wider group of stakeholders with whom HE students and staff interact throughout their lives. These include employers, parents and children, all of whom gain benefit from an efficient and effective higher education experience.

ACHIEVEMENTS AND PERFORMANCE

22. For eighteen years *London Higher* has been working with universities and higher education colleges in London. Our mission is to support universities in meeting the challenges and opportunities of providing diverse higher education in London. We do this by: 1) identifying what the challenges and opportunities (through our networks); 2) assessing the impact, extent or volume of such challenges or opportunities on our members and the wider public (through our surveys and analysis of HE data); 3) designing, if so mandated, appropriate measures to address the challenges or opportunities (our projects, collaborations, advocacy work); and 4) sharing this (and other) information with our members so that effective practice is promulgated (our events). This cycle of engagement-action-promotion is how we ensure that our outputs meet our goals, and our goals are appropriate and have impact. During our existence 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.
23. **Outputs.** Our outputs are diverse including a wide range of websites, advisory groups and networks as well as research reports, feasibility studies, promotional material, meetings and workshops, lobbying and receptions. In this section we give summaries of some of the main activities each of our divisions has undertaken during the past year.
- a) **Case for HE** aims to create an ongoing and robust evidence-base in support of HE in the capital. In particular it seeks to: understand the challenges and opportunities *London Higher* members and partner institutions face; conceive, develop and manage responses that address these challenges and opportunities; and promote the impact of London's HE sector on the social, cultural and economic development of the region and beyond. During the year we: a) ran nine networks for our members on themes including research, planning, marketing, housing and visa compliance; we added new networks for International Directors, Research Officers and Heads of Student Entrepreneurship and set up a new Task Group to consider the implications of Brexit for London HEIs. These networks are open to all our members and provide participants with a mechanism to share their experiences and discuss the challenges and opportunities of their respective roles. This provides benefit in ensuring that members operate efficiently; b) conducted three main pieces of advocacy work: assisting the GLA with student housing projections and mapping needs for university estates; discussions with DfE and HEFCE on metrics for the Teaching Excellence Framework (TEF); updating and presenting the 'London HE' prezi at the House of Lords to demonstrate the impacts of HE in London on the region and the UK as a whole. This work provided both members and our partners with accurate HE evidence helping them to better develop their policies in these areas. The work benefited members and the public by helping HE to be affordable and sustainable in London; c) responded to the Government's consultation on TEF (Year 2) and convened further discussions on this topic with HEFCE and the Minister for Universities and Science. Our discussions ensured that the Government understood the implications of its proposals for London HE; d) published research on recent trends in student and staff numbers, international students in London and National Student Survey (NSS) scores for London. We produced further research for our Brexit Task Group on EU student and staff numbers. These research reports helped our members take stock of emerging statistical trends, highlighting key areas for attention and shared effective practice across our membership. They provide public benefit because they respond to national policy initiatives. All are available on our website.
- b) **London Medicine & Healthcare** brings together senior representatives from across London's schools of medicine, dentistry, clinical academic disciplines, nursing, midwifery and the allied health professions. Through its two standing membership networks, *London Medicine* (for medical schools and clinical academic institutes) and the *Healthcare Education Group* (for nursing, midwifery and the allied health professions), *London Medicine & Healthcare* provides a discussion platform pertaining to the delivery of medical and healthcare education and training in London. During the year we: a) hosted six network meetings with key health policy stakeholders. This enabled senior staff from across London to network and share experiences as well as receive timely policy updates; b) published a series of guidance, maps, reports and a video on clinical placements, our first Vital Signs initiative. Vital Signs uses a themed approach to explore key policy issues affecting health education in London; Our work on clinical placements has been adopted by London Trusts as well as medical schools and is clearly changing the approach these bodies take to clinical placements in London; c) convened a

Task Group looking at the expansion of medical numbers in England and responded to the HEE consultation. Our work allowed medical schools to take an informed view of how and where to expand their medical student numbers and contribute effectively to the national drive for more doctors; d) we hosted a discussion for members with HEFCE on small and specialist healthcare subjects. This helped HEFCE better understand the perspective and value of these subjects; e) we held breakfast briefings on how the HE White Paper and TEF might affect healthcare education in London and on 'Education in Patient Safety and Quality'. These topical briefings help members and stakeholders consider upcoming policy changes and develop a more informed approach to them; f) conducted a survey on nursing recruitment to monitor the environment during the transition from bursaries to loans. This work was important to inform our feedback to HEFCE and Government on this issue.

- c) **AccessHE** is the largest regional network in England engaging with over 300 HEIs, schools and colleges working in London to widen access to HE. Being a part of AccessHE enables its members to develop collaborative relationships across London and to participate in joint activities. During the year we: a) ran nine pan-London forums on access, including new ones on Black, Asian and minorities and care experienced and estranged students, as well as our existing forums on progression to HE for disabled learners, for looked-after children, supporting student ambassador activities and for those working in the arts and design field. Our forums enable widening access staff to share experiences and develop effective practice; b) Organised three major WP conferences and events for student ambassadors, disabled students and on 'Life After University' to help share state of the art practice more broadly; c) finalized content for AccessHE Online, a suite of nine online modules aimed at years 9 to 13 in under engaged schools and colleges in London which brings innovation in learning and teaching to HE outreach activities. The modules will go live next year; d) became a key partner in HEFCE's National Collaborative Outreach Programme (NCOP). As a partner in NCOP, AccessHE is ensuring that approaches to access across London are shared and joined up, yielding more effective and efficient interventions; and e) published research reports on unaccompanied asylum seeker children accessing HE and on widening access to creative arts and design courses in HE. Our research programme pushes the boundaries of modern access thinking, helping our members explore new ways of widening participation and crucially measuring their impact on young people and society in general.
- d) **NEON** (the National Education Opportunities Network) was founded in early 2012 as the new professional organisation to support those involved in widening access to HE and social mobility. At the heart of NEON is a cross-sector approach bringing together HEIs, schools, colleges, the voluntary sector, professional bodies and employers. NEON works closely with HEFCE and OFFA in order to support the delivery of the National Access and Success Strategy and the new collaborative outreach networks. During this year NEON has: a) run the fifth annual *NEON Summer Symposium* entitled '*Widening Access in Higher Education: Are we there yet?*'; b) ran the fifth *Annual Neon Awards* celebrating and recognising the best of work in widening access across the country. By showcasing effective practice our Awards help to spread effective practice across the UK; c) ran five national Working Groups, including on *white working class boys* and *establishing evidence and measuring impact*. Our working groups share practice and help to shape the national agenda across the widening access landscape. Each Group is led by members to take forward an agenda in different areas of access practice; and d) advocated for concentrated efforts to include FE in a larger sector approach to widening access. By seeking to broaden the access landscape to FE we are demonstrating a holistic approach to access; e) ran follow-up research in partnership with the Universities Colleges Union (UCU) on the impact of cost on HE participation entitled '*Does Cost Matter Pt. 3*'. This research enables NEON to contribute to the debate surrounding access to higher education policy and cost. It also strengthens the work that member HEIs/organisations can do in their local area by enhancing their understanding of the learners they serve.
- e) **London Higher Europe**. London Higher Europe supports 11 London HEIs to increase their capacity and experience of EU engagement and funding programmes. The EU research agenda is important for the public because, despite Brexit, the EU funds research to help solve some of the world's great challenges, including improving health outcomes, connecting people digitally and reducing inequalities between regions. This year we: a) ran three workshops for members on Intellectual Property Rights (IPR), alternative sources of EU funding and EU proposal evaluation. This bespoke training gives members an edge when preparing their own funding applications; b) ran a two-day delegation for the London Higher Brexit Task Group to Brussels to meet with senior EU and UKREP figures. The trip provided vital intelligence as to the likely nature of Brexit negotiations for HE and helped clarify how our members should prepare for Brexit; c) ran a Brexit Briefing for members. The briefing provided up-to-date information on the negotiations from our contacts in Brussels; d) ran two study visits for early career researchers and research administrators to Brussels. These two-day training sessions add capacity to universities by developing their junior academics and research support staff; e) joined an EU network of 120 research organizations and universities. By connecting into a wider EU network we hope to ensure that

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TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2017

London HE remains engaged with European researchers at a personal level during the Brexit process; and f) produced five newsletters for members and participated in over twenty-four meetings promoting London HE in Brussels and London.

- f) **SPECIAL PROJECTS.** As well as managing our established member collaborations, we also have a portfolio of smaller or developmental projects that we oversee. This year we have been developing the following: a) in partnership with the NOUS group, our Compass Initiative has brought together senior academic leaders across London, and stakeholders, to 'think the unthinkable' and help members develop options for a variety of projected scenarios. The initiative is beneficial to the public in that it helps HEIs prepare for an uncertain future, reducing risk and acting collectively to yield greater returns for public investment; b) the Location Premia Task Group met with HEFCE to discuss their study of variable HE geography; the study will be important in determining whether HEFCE continues to apply location premia for London HEIs; c) London Works (in association with The Student Room) is an online hub we have created to encourage more domestic UK students to study in London. The hub benefits the public by providing prospective students with student-generated facts about what it is like to study in the UK's capital; the hub provides useful hints and tips to new students; d) our House of Lords reception *London's Higher Education: Open for Success*, saw us promote the value that an international HE sector has for London, Londoners and the UK in general.
- g) More details of these activities are presented in our *Annual Report* to members which can be downloaded from our website:

https://www.londonhigher.ac.uk/wp-content/uploads/2017/06/LH_Review2017.pdf

FINANCIAL REVIEW

24. Our financial goal is to maintain and, if possible, expand member services whilst offering an efficient and transparent financial regime. Once again, this year we have benefited from grant income from HEFCE for our access work and this has allowed us to maintain core services and for a third year we have achieved a positive out-turn for the year.
25. Income and staffing levels during 2016-2017 increased due to new HEFCE grants and indirect grant income. The direct delivery of the projects increased by circa £112,000 and staffing costs by circa £54,000. NEON division was successful in securing three particular funding opportunities: Contract to deliver a conference for Health Education England (HEE) on widening participation in the health service. Participation in the NEON Further Education College Support Programme from 40 colleges. Income from the National Collaborative Outreach Project (NCOP) to deliver staff training and support. AccessHE is the pan-London organisation that aims to support the progression of under-represented groups to higher education (HE). We do this by enabling our 25 higher education institution members, schools and colleges to achieve their objectives on widening access to HE more efficiently and effectively. In 2017, AccessHE was a key delivery partner in the HEFCE-funded London National Collaborative Outreach Programme (NCOP), engaging with young people from parts of London where higher education is non-traditional and delivering innovative activities in collaboration with our HEI membership. In 2017, we also launched our innovative online learning platform, AccessHE Online; enabling for the first time outreach to extend outside the classroom. AccessHE received two grants from HEFCE 1) £71K NCO £136K National Network for Collaborative Outreach (NNCO). In addition £260K of HEFCE NCO grants that were issued to individual HEI's, were pooled and given to AccessHE to deliver the following projects, Capital Access, AccessHE Online and Arts and Design/ London HE Network/ AH Creative.
26. We received the last 'HERA-Line' grant from HEFCE of £37.5K (unrestricted): London Higher Core benefited from a lower share of overheads and higher cross charges due to the increase in AccessHE employees. Although the numbers of partners decreased during the year, income remained strong. Once again London Higher Core did not exercise the inflation increase option to membership fees for 2016-2017.
27. *Reserves Policy.*

Total funds as at 31 July 2017 were £682,766. Of the total funds £324,335 (2016: £233,955) were represented by restricted funds and £358,431 (2016: £313,601) by unrestricted funds. Free Reserves (i.e. unrestricted funds excluding fixed assets and amounts designated) stood at £334,259 (2016: £289,429) at 31 July 2017.

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TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2017

The London Higher reserves policy is to hold funds to cover between three to six months expenditure, to cover staff costs, overheads and a scaled down level of administration and project expenditure. This applies to all divisions. The current level of reserves of £334,259 are within this range or exceeding

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

PLANS FOR 2017-18

28. **Financial Plan.** For the 2017-18 financial year we are forecasting income of c. £1.3 m. In June 2017 we circulated a costed Operational Plan for 2017-18 to all members which indicates how this money will be disbursed. In September we revised the Plan to reflect the post-audit position.
29. **Strategies for the year.** With a budget of just over £1.3 million we propose to deliver c. **£60,500** of advocacy activities, c. **£226,000** of collaborations, **£19,800** of events and **£24,500** of networking opportunities (excluding salaries, overheads and administration). New initiatives this year include:
- 1) (Re)-establishing good links with the new Government officers for HE and London MPs following the General Election and the HE Bill;
 - 2) Developing a new project to explore the 'London Effect' on various statistical and qualitative benchmarks;
 - 3) Managing a new National Collaborative Outreach Programme (NCOP) for London;
 - 4) A new programme of research and discussion around clinical academics in support of London's health education and training.

The full 2017-18 *Operational Plan*, including measure for 2017-18, is available on our website at:

https://www.londonhigher.ac.uk/wp-content/uploads/2017/06/OpPlan_2017-18.pdf

STATEMENT OF TRUSTEES' RESPONSIBILITIES

30. 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.)
31. Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year. In preparing these financial statements, the Trustees are required to:
- select suitable accounting policies and then apply them consistently;
 - observe the methods and principles in the Charities SORP;
 - make judgements and estimates that are reasonable and prudent;
 - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.
32. 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.
33. In so far as the Trustees are aware:

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TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2017

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

AUDITORS

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

APPROVAL

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

34. **Resolution.** Approved by the London Higher Board of Trustees on 18 January 2018 and signed on its behalf by:



Professor Paul Layzell
Chair, London Higher

18.01.18.

LONDON HIGHER

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON HIGHER

FOR THE YEAR ENDED 31 JULY 2017

Opinion

We have audited the financial statements of London Higher for the year ended 31 July 2017 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the charitable company's net movement in funds, including the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Responsibilities of trustees for the financial statements

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LONDON HIGHER

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON HIGHER (continued)

FOR THE YEAR ENDED 31 JULY 201

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

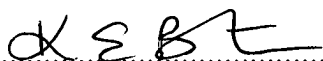
- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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.



Kathryn Burton (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
Date: 18 January 2018

10 Queen Street Place
London
EC4R 1AG

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

LONDON HIGHER

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

FOR THE YEAR ENDED 31 JULY 2017

		Unrestricted	Restricted	Total	Total
	Notes	Funds £	Funds £	2017 £	2016 £
Income from:					
Charitable Activities					
<i>Membership Income</i>	3	504,081	262,653	766,734	814,045
<i>Grants</i>	3	40,417	287,739	328,156	204,064
<i>Other</i>	3	25,310	366,924	392,234	269,137
Investment income	3	2,325	-	2,325	433
Total income		572,133	917,316	1,489,449	1,287,679
Expenditure on:					
Charitable activities	4	527,303	826,976	1,354,279	1,132,116
Total expenditure		527,303	826,976	1,354,279	1,132,116
Net income	2	44,830	90,340	135,170	155,563
Net movement in funds		44,830	90,340	135,170	155,563
Reconciliation of funds					
Total funds brought forward		313,601	233,995	547,596	392,033
Total Funds carried forward		358,431	324,335	682,766	547,596

All amounts derive from continuing activities. There are no other gains or losses other than those shown above. The comparative Statement of Financial Activities is on note 15.

The notes on pages 17 to 28 form part of the accounts.

LONDON HIGHER**COMPANY NUMBER: 5731255****BALANCE SHEET****AT 31 JULY 2017**

	Note	2017 £	2016 £
FIXED ASSETS	7	<u>6,157</u>	<u>6,672</u>
CURRENT ASSETS			
Debtors	8	138,572	134,801
Cash at bank and in hand		<u>664,597</u>	<u>741,302</u>
		803,169	876,103
CREDITORS: amounts falling due within one year	9	<u>(126,560)</u>	<u>(335,179)</u>
NET CURRENT ASSETS		<u>676,609</u>	<u>540,924</u>
NET ASSETS		<u>682,766</u>	<u>547,596</u>
FUNDS			
Unrestricted funds	11	358,431	313,601
Restricted funds	11	<u>324,335</u>	<u>233,995</u>
		<u>682,766</u>	<u>547,596</u>

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



Professor Paul Layzell
Chair, London Higher

18.01.2018

The notes on pages 17 to 28 form part of the accounts.

LONDON HIGHER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	2017 £'000	2016 £'000
Cash flows from operating activities:		
<i>Net cash provided by operating activities</i>	<u>(76,465)</u>	<u>327,451</u>
Cash flows from investing activities:		
Investment income	<u>2,325</u>	<u>433</u>
<i>Net cash provided by investing activities</i>	<u>2,325</u>	<u>433</u>
Cash flows from capital expenditure and financial investment		
Payments to acquire tangible fixed assets	<u>(2,565)</u>	<u>(5,772)</u>
<i>Net cash used in financing activities</i>	<u>(2,565)</u>	<u>(5,772)</u>
Change in cash and cash equivalents in the reporting period	(76,705)	322,112
Cash and cash equivalents at the beginning of the reporting period	<u>741,302</u>	<u>419,190</u>
Cash and cash equivalents at the end of the reporting period	<u><u>664,597</u></u>	<u><u>741,302</u></u>
Reconciliation of net income to net cash flow from operating activities		
	2017 £'000	2016 £'000
Net income for the reporting period (as per the statement of financial activities)	135,170	155,563
Adjustments for:		
Depreciation charges	3,080	16,500
Interest received	(2,325)	(433)
Decrease/(increase)/ in debtors	(3,771)	569,723
Loss on disposal of fixed assets		(27)
Increase/(decrease) in creditors	(208,619)	(413,875)
<i>Net cash provided by operating activities</i>	<u><u>(76,465)</u></u>	<u><u>327,451</u></u>
Analysis of cash and cash equivalents		
	2017 £'000	2016 £'000
Cash in hand	<u>664,597</u>	<u>741,302</u>
Total cash and cash equivalents	<u><u>664,597</u></u>	<u><u>741,302</u></u>

The notes on pages 17 to 28 form part of the accounts.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES

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

Basis of preparation

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

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

Legal status

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

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

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

Preparation of accounts on a going concern basis

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Depreciation:

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

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES (continued)

Pensions:

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

Income

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

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

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

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

Expenditure

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

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

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

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

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets on a straight line basis to write off the cost, less estimated residual value, over their expected useful lives as follows:

IT equipment	4 years
Fixtures and fittings	4 years
Furniture	4 years

The charity's capitalisation policy is for any items over £1,000.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES (continued)

Operating leases

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

Pension scheme

The Charity participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Employee benefits

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

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

Financial instruments

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Funds

Funds held by the charity are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- Restricted funds – these are funds that can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

2. NET INCOME			2017	2016
			£	£
This is stated after charging:				
Auditors remuneration (excluding VAT)				
- current year			9,450	8,850
- other services				1,500
Depreciation			3,080	16,500
Operating lease rentals			33,872	33,872
3. INCOME	Unrestricted	Restricted	2017	2016
	Funds	Funds	£	£
	£	£		
Membership Contributions				
London Higher member contributions	413,873	-	413,873	439,740
London Higher Europe	34,875	-	34,875	38,050
London Medicine contributions		96,300	96,300	114,000
London partners	55,333		55,333	76,000
AccessHE Membership contributions		123,226	123,226	128,452
NEON membership contributions		43,127	43,127	17,803
	504,081	262,653	766,734	814,045
Grants				
HEFCE	37,500	93,519	131,019	150,981
Other grants	2,917	194,220	197,137	53,083
	40,417	287,739	328,156	204,064
Other				
Project & event income	25,310	366,924	392,234	269,137
	25,310	366,924	392,234	269,137
Investment Income	2,325	-	2,325	433
	2,325	-	2,325	433
Total Charitable income	572,133	917,316	1,489,449	1,287,679

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

4. ANALYSIS OF CHARITABLE EXPENDITURE	Direct Costs £	Support Costs £	2017 £	2016 £
London Higher	432,314	36,265	468,579	443,866
London Higher Europe	32,500	-	32,500	32,254
Case for HE/ London	26,224	-	26,224	49,739
London Medicine & Healthcare	67,868	25,630	93,498	68,794
AccessHE	119,924	63,577	183,501	136,583
AccessHE - NCO	192,454	12,780	205,234	278,149
NEON	175,375	12,976	188,351	122,731
NCOP	148,764	7,629	156,393	-
	<u>1,195,423</u>	<u>158,857</u>	<u>1,354,280</u>	<u>1,132,116</u>
ANALYSIS OF CHARITABLE EXPENDITURE			2017 £	2016 £
Support costs				
Rent			34,435	44,647
Accountancy and Professional fees			11,385	13,389
IT Costs and Website Development			19,415	11,924
Depreciation			3,082	16,500
General Office Costs			44,850	12,570
Staff Costs and related professional fees			9,796	21,161
Telephone			8,765	7,451
Travel and subsistence			3,820	2,594
Insurance			3,267	1,149
Catering and Hospitality			3,102	3,202
Bank charges			3,149	2,404
Postage and Courier			343	210
Conference fees			2,108	1,795
Governance (note 5)			11,340	10,620
			<u>158,857</u>	<u>149,616</u>

LONDON HIGHER**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2017**

5. GOVERNANCE COSTS	2017	2016
	£	£
Audit and related fees (including VAT)	11,340	10,620
	<u>11,340</u>	<u>10,620</u>

6. ANALYSIS OF STAFF COSTS	2017	2016
	£	£
Wages and Salaries	646,352	586,570
Social security costs	58,683	50,551
Pension costs	90,534	85,759
Recruitment expenses	6,575	4,492
	<u>802,144</u>	<u>727,372</u>

There were no redundancy or termination payments made in the year (2016: £nil).

The average number (headcount) of employees was:

	2017	2016
	Number	Number
London Higher	8	8
London Medicine & Healthcare	2	2
Access HE	6	8
NEON	2	1
NCOP	3	
	<u>21</u>	<u>19</u>

During the year there were three employees (2016: three) who received emoluments exceeding £60,000 and to whom retirement benefits are accruing under a defined benefits scheme.

The remuneration falls into the following brackets:

	2017	2016
	Number	Number
£60,000 - £70,000	1	1
£70,000 - £80,000	1	1
£100,000 – £110,000	1	1
£110,000 – £120,000	-	-
	<u></u>	<u></u>

Pension contributions payable by the Charity for the higher earners in the year were £53,187 (2016: £41,836).

No trustee received remuneration or reimbursement for expenses during the year (2016: NIL).

The key management personnel are defined as the Senior Leadership Team, of which the total employee benefits in aggregate for the year were £358,348 (2016: £374,733).

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

7. TANGIBLE FIXED ASSETS

	IT Equipment £	Fixtures & Fittings £	Furniture £	Total £
Cost				
At 31 July 2016	20,239	29,735	16,030	66,004
Additions	1,790	775	-	2,565
Disposals	-	-	-	-
At 31 July 2017	22,029	30,510	16,030	68,569
Depreciation				
At 31 July 2016	14,441	29,735	15,156	59,332
Charge for the year	2,591	161	328	3,080
Disposals	-	-	-	-
At 31 July 2017	17,032	29,896	15,484	62,142
Net Book Value				
At 31 July 2017	4,997	614	546	6,157
At 31 July 2016	5,798	-	874	6,672

8. DEBTORS

	2017 £	2016 £
Trade debtors	77,239	99,777
Other debtors	8,062	8,756
Prepayments and accrued income	53,271	26,268
	<u>138,572</u>	<u>134,801</u>

9. LIABILITIES: amounts falling due within one year

	2017 £	2016 £
Trade creditors	66,038	15,135
Accruals	20,895	41,270
Deferred income (see below)	34,670	273,485
Other creditors	4,957	5,289
	<u>126,560</u>	<u>335,179</u>
Deferred income	2017	2016
Balance at start of the year	273,485	713,018
Amounts released to incoming resources	(273,485)	(713,018)
Amounts deferred in the year	34,670	273,485
Balance at the end of the year	<u>34,670</u>	<u>273,485</u>

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

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

10. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial Assets measured at amortised cost (a)	803,170	867,355
Financial Liabilities measured at amortised cost (b)	(126,560)	(335,179)
Net financial assets measured at amortised cost	676,610	532,176

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

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

11. STATEMENT OF FUNDS

	Brought forward at 01/08/2016 £	Incoming £	Outgoing £	Transfers £	Carried forward at 31/07/2017 £
Restricted funds					
London Medicine & Healthcare	114,707	96,273	(93,498)	-	117,482
AccessHE	59,515	417,057	(388,735)	-	87,837
NEON	59,773	209,765	(188,350)	-	81,188
NCOP	-	194,221	(156,393)	-	37,828
Total Restricted funds	233,995	917,316	(826,976)	-	324,335
Unrestricted funds					
London Higher	289,429	572,133	(527,303)	515	334,260
Designated fund					
Fixed asset fund	6,672	-	-	(515)	6,157
IT fund	17,500	-	-	-	17,500
Total Unrestricted funds	313,601	572,133	(527,)	-	358,431
Total funds	547,596	1,489,449	(1,354,279)	-	682,766

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

11.

STATEMENT OF FUNDS 2015-2016

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

London Medicine and Healthcare is tasked with monitoring the healthcare policy environment as it applies to the membership of the Group, and identify opportunities to promote the regional, national and international contributions made by London's Medical Schools and Schools of Healthcare.

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

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

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

NCOP, | AccessHE is a key delivery partner in the HEFCE-funded London National Collaborative Outreach Programme (NCOP), created to help realise the Prime Ministerial goal of doubling participation in Higher Education by 2020 for those from lower participating neighbourhoods. The initiative will engage with schools / colleges in 13 wards across London, all of which exhibit low participation neighbourhood characteristics.

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

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

LONDON HIGHER**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2017****12. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	2017 Restricted Funds £	2017 Unrestricted Funds £	2017 Total Funds £
Fixed assets	-	6,157	6,157
Net Current assets	324,335	352,274	676,609
Total funds	324,335	358,431	682,766

	2016 Restricted Funds £	2016 Unrestricted Funds £	2016 Total Funds £
Fixed assets	-	6,672	6,672
Net Current assets	233,995	306,929	540,924
Total funds	233,995	313,601	547,596

13. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Amounts due in:		
Within one year	33,872	33,872
Between one and five year	117,002	131,100
More than five years	-	18,677
	-	-
Total operating lease commitments	150,874	183,649

The charge made to the Statement of Financial Activities in 2017 was £33,872 (2016:£33,872).

14. PENSION SCHEME

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

The total cost charged to the statement of financial activities account is £90.5k (2016: £85k).

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

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

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

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

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

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

LONDON HIGHER

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2017

15. Comparative Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	2016 £
Income from				
Charitable activities				
<i>Membership income</i>		553,790	260,255	814,044
<i>Grants</i>		39,583	164,481	204,064
<i>Other</i>		37,868	231,269	269,137
Investment income		433	-	433
Total income		<u>631,674</u>	<u>656,005</u>	<u>1,287,679</u>
Expenditure on				
Charitable activities		475,825	656,291	1,132,116
Total expenditure		<u>475,825</u>	<u>656,291</u>	<u>1,132,116</u>
Net income		155,849	(286)	155,563
Net movement in funds		<u>155,849</u>	<u>(286)</u>	<u>155,563</u>
Reconciliation of funds				
Total funds brought forward		<u>157,752</u>	<u>234,281</u>	<u>392,033</u>
Total Funds carried forward		<u><u>313,601</u></u>	<u><u>233,995</u></u>	<u><u>547,596</u></u>

All amounts are from continuing activities.