



Annual Accounts

for the year ended 31 July 2004



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Contents

	Page
Report of the Chairman of the Court of Governors	1-2
Report of the Director	3-6
Five Year Analysis of Income and Expenditure	7
Report of the Directors	8
Accounting Policies	9-10
Consolidated Income and Expenditure Account	11
Statement of Total Recognised Gains and Losses	12
Balance Sheets	13
Consolidated Cash Flow Statement	14
Notes to the Accounts	15-27
Corporate Governance and Internal Control Statement	28-29
Statement of Council's Responsibilities	30
Report of the Auditors	31
Officers Responsible for the School's Finances	32
Directors of the School and Members of the Council.....	33



Report of the Chairman of the Court of Governors

Introduction

The efficient operation of governance establishes a clear strategic framework for the development of the School, facilitates initiative and effectively monitors the achievement of agreed objectives. LSE has recently undertaken thorough and wide-ranging reviews of its governance and top level management structures to ensure they are flexible enough to take forward the School's strategic objectives as efficiently as possible.

Responsibilities of Council

During the past year, the LSE Council has continued effectively to oversee the strategic business of the School, working closely with the Finance and General Purposes Committee.

Strategic Direction

Council is responsible for determining the overall strategic direction of the School, approving the LSE Strategic Plan for annual submission to the Higher Education Funding Council (HEFCE) and monitoring the progress of agreed priorities in accordance with agreed internal and external guidelines. I am confident that the School's governance structures and processes are promoting development and effective monitoring of agreed priorities, so enabling the strategic planning role of Council to be exercised in accordance with the agreed guidelines.

Council held an Awayday on 27 September 2004, which focused on four main themes: size, student mix, academic portfolio and income generation. The Awayday was not a formal decision making meeting, but provided the opportunity for Council to discuss in detail issues which members will be invited to consider over the forthcoming year and beyond.

Monitoring

To assist Council members to fulfil their responsibilities to monitor institutional performance and demonstrate that they are discussing and taking decisions on pertinent issues as company directors, we have initiated twice yearly reviews of implementation of Council decisions and progress in achieving targets identified in the Strategic Plan.

The Council schedule of business, agreed annually, identifies items that Council will need to consider in accordance with external guidance from HEFCE and the CUC, items it is legally obliged to consider and items of importance. The schedule ensures that Council members have a clear knowledge of their responsibilities as company directors.

Institutional Finance

Council has responsibility to ensure the solvency of the Company. Detailed monitoring of the financial position is delegated to the Finance and General Purposes Committee. During 2003-04 internal control systems were reviewed and Council approved revised terms of reference for FGPC to remove some ambiguities about financial management responsibilities.


Legal Compliance

As the Governing Body, Council ensured that LSE met its statutory obligations during 2003-04. Like all public bodies, the School is subject to a growing raft of legislative and regulatory requirements. We comply with these constructively, highlighting the positive benefits for the School community, and implementing them with a light touch that intrudes as little as possible upon LSE's core purposes of teaching, learning and research.


Our legal early warning and survey capacity has been improved to provide a robust structured process for future compliance planning and monitoring. Council is fully briefed on current and forthcoming legal issues on at least a bi-annual basis.

The locus of responsibility for legal compliance has been clarified in both governance and management terms and governance structures for considering compliance issues reviewed. As a result, the Risk Committee is now a full committee of Council. Council regularly reviews risks to LSE and the Strategic Plan now contains a section dedicated to the analysis of strategic risks.

LSE prides itself on a strong tradition of openness and transparency, and under the Freedom of Information Act, the School has adopted and maintained a wide-ranging publication scheme approved by the Information Commissioner.



‘If it is to maintain and develop its reputation, LSE must maintain an efficiently operating governance structure through which to provide a clear strategic framework for the development of the School.’



Court of Governors

Council is supported in its role by the Court of Governors. Governors debate and advise on the School’s mission and key policy decisions, broad academic developments and LSE’s external profile among key constituencies.

As constitutional guardian, Court also has several formal powers including election of Governors, the Chairman and Vice-Chairmen of Court, appointment of Council members, appointment of the Director, amendment of the Memorandum and Articles of Association, approval of the Annual Accounts and the appointment of external auditors.

Succession Planning

The Nominations Committee continued its role in succession planning with main committee memberships, chairmanships and office holders appointed by April 2004. All outstanding vacancies were filled to schedule. The Nominations Committee agreed and implemented an approach to identifying a more extensive range of potential candidates to fill future vacancies.

In December 2003 the Court of Governors approved the appointment of Sir Anthony Battishill as a Vice-Chairman of Court and Council for a period of three years in the first instance succeeding Bryan Sanderson who completed his term of office. I would like to take this opportunity to record my grateful thanks to Bryan who, I am pleased to say, will continue his active association with the School as a Governor.

In July 2003 Court adopted the Emeritus Governorship scheme to recognise Lay Governors who have given exceptional service to LSE. Stephen Wheatcroft was appointed as the first Emeritus Governor at the Court meeting on 11 December 2003 in recognition of his outstanding service to the School over many years.

Diversity

LSE reviewed the gender and ethnic composition of its Governance in October 2004. Following the review, the criteria for Governorship were re-written by the Nominations Committee to promote greater diversity.

Looking Ahead

Looking ahead, our focus on maintaining the highest ethical standards in governance remains unchanged. LSE is currently in a strong position. If it is to maintain and develop its reputation, LSE must maintain an efficiently operating governance structure through which to provide a clear strategic framework for the development of the School.

Lord Grabiner of Aldwych

Chairman of the Court and Council

Report of the Director

The academic year 2003-04 was my first as Director. It was a successful year for the School. That is a tribute to the sound foundations I inherited from my predecessor Tony Giddens, whose seven year stewardship of the school was outstandingly successful. I am very grateful to him, as is the rest of the School community.

As this report shows, student demand for places at the school remains strong, our research performance was good, our financial results were healthy, and further progress was made towards the needed enhancement of quality of the teaching and learning environment.

During the year, debate at the School's Council and in other committees and fora was inevitably dominated by the Higher Education Act and particularly the issue of variable fees. Many in the student body were concerned about the potential impact of higher fees on the willingness of students from poorer families to attend university, even with the additional financial support that would be available to some of them. Others in the School community saw that variable fees offered the prospect of at last reversing the relentless decline in funding per student which has threatened the quality of university education in the UK, and the international competitiveness of our leading universities.

'Considerable enhancements have been made to the street environment'

In the event, the Higher Education Act was finally passed in July, leaving the school to decide how to respond – whether and how much to increase fees in 2006, and how best to use the additional income generated. After some debate, a broad consensus emerged during the Summer Term. Our intention will, at the outset, be to charge £3,000 for all our undergraduate courses, and to use a third of the additional income generated on student support. As I write, details of that support package have yet to be finalised, and they may also be influenced by the terms of the access agreement we will be required to reach with the new office of fair access. But, subject to those further refinements we believe we have a sound basis on which to go forward.

There was also significant progress during the year in other areas. In the community as lively and diverse as the LSE's, it is always difficult and somewhat invidious to highlight particular developments. The following catalogue is, therefore, inevitably somewhat selective and impressionistic. I can only apologise in advance to those whose work is not explicitly recognised here: I assure them that it is no less gratefully appreciated by the Director and the Council.

Management Structure

A Council working group on Management Structure reported in June 2003, with a number of recommendations designed to streamline management processes within the School and clarify responsibilities, following the retirement from the School of the previous Director, and the long serving Secretary of the School, Christine Challis. Those recommendations were debated with the



Academic Board and a number of changes were made to them, following my arrival, in response to concerns expressed by some members of the academic community.


At the end of 2003 a new structure was implemented, with regular informal meetings of the Directorate management team providing the opportunity for more coherent follow up of decisions made in the Council and other School committees. The Directorate Management Team consists of the three academic Deputy Directors, the Secretary and Director of Administration, the Director of Finance and Facilities and the Director of Business and Enterprise. Other senior officers of the School attend from time to time.

At the same time, links between the management and the academic community have been strengthened by involving the departmental Conveners in the discussion of strategic issues. There are also more regular briefings for the Vice Chairman of the Appointments Committee and the Vice Chairman of the Academic Board. It will be important, as these new arrangements bed down, to pay particular attention to communication of decisions within the School, but I am encouraged by the progress made in management over the last 12 months.

The Campus

One of the LSE's greatest assets is its location in the centre of London. That location also presents the School its biggest challenge. Property in WC2 is expensive, and maintaining a congenial campus environment at the centre of one of the world's largest and international cities is not straightforward. But over the last 12 months we have made a number of important steps forward, and I think we can now see our way towards a much more exciting and higher quality campus in the future, and one which meets the rising aspirations of our student body.

Considerable enhancements have been made to the street environment. Finally, the paving of Houghton Street has been completed, though some amenity improvements including trees and other street furniture and some outside sculptures remain to be completed. The Student Union facilities have been renovated. Some may be nostalgic for the old Three Tuns but the new facilities seem to be responding well to the changing nature of student demand for food and drink.



'we can now see our way towards a much more exciting and higher quality campus'



During the year we undertook an extensive consultation on the future of the School's estate. We canvassed a wide range of options, from a wholesale move away to another site, through to modest and incremental improvements to our existing premises. The consultation revealed little or no support for a move, so that option is now off the agenda. It also demonstrated that there was considerable concern about the implications of a major programme of upgrading our existing estate, if there were no available options for moving departments away from the centre of the campus during the years of disruption. We were therefore very fortunate that the opportunity arose at the end of the year to acquire a new building on the edge of our existing site which will allow the School to expand, in the medium term, and will make the task of renovating the centre of the existing campus much more manageable. We completed the acquisition of 24 Kingsway, which will be an important new academic building for the School, in October 2004. It will, for the first time, give the School a frontage on to Lincoln's Inns Fields, which is an exciting opportunity for improving the look and feel of the campus as a whole. We are now engaged in detailed planning of how that new building will be used and also how we can mobilise the support of our alumni community to ensure that we have the financial resources to develop it in an imaginative way. The redevelopment of the library showed what can be done with good design and some external support. Our aim is to repeat the success of that project.

The Campaign for LSE

As the financial report later shows we have made further progress with the campaign. We are particularly grateful for a gift from two alumni, Mario and Davina Francescotti, which has allowed us to redevelop the Columbia Bar as a new student catering outlet. And we have begun to generate sizeable sums to support the School in Asia. During the year we attracted a number of large donations for student support for applicants from China. Such support is important if we are to continue to attract high quality students from the region in the face of very tough competition from US universities that can deploy much larger financial resources in support of their recruitment.

As the year ended, we were beginning an important new initiative in the Campaign, oriented around support for the new building. We have reorganised our Campaign Committee, with the intention of generating greater involvement by alumni in the next phase of the work. We believe we can succeed in meeting the campaign target of £100 million but only if we can effectively mobilise the whole School community around that objective.

Partnerships

A particular feature of the development of the School's educational offerings over the last couple of years has been the growth of partnership programmes with selected universities overseas. Those existing partnerships developed well during this year, and we were able to launch promising new initiatives.

The TRIUM Executive MBA programme, offered in collaboration with New York University's Stern Business School and the HEC in Paris, goes from strength to strength, with the numbers increasing in each cohort, even though the MBA market overall is, at best, marking time. We plan to develop further programmes in cooperation with our two partners. The three institutions involved provide complementary skills and strengths.

Our collaboration with Columbia in the US is also developing well. The next venture will be a Masters in Public Administration. We plan to involve the French School of Political Science (Sciences Po) in that venture. During the year we also launched a joint International Relations degree with Sciences Po. That programme is proving attractive, particularly to students interested in a career in European Institutions.

We also made important progress during the year with the School's Asia strategy. Our aim is to raise the School's profile in the region, and to develop partnerships with excellent universities in both research and teaching. We ran a first LSE forum in Bangkok in March, building on a model which had proved successful in New York and Washington earlier. Both I and Henrietta Moore, the Deputy Director with responsibility for external affairs, visited India in March where we ran a number of well attended conferences and seminars. We launched an LSE Summer School at Peking University in August, which attracted 60 students in its first year, and will be run again in 2005. And we have identified a number of research collaborations with Universities in Beijing and Shanghai, in areas as diverse as housing policy, population studies and urban development. I will report further on progress in our Asian strategy in future years.

The Academic Portfolio

It is rightly important for any university, and particularly for one like the LSE which competes in an international market place, to keep its academic portfolio up to date. Over the last year we have taken a number of initiatives designed to do that.

The new Cold Wars Studies Centre (CWSC) was brought into being during the year. It will provide advanced study and research of the Cold War, its historical origins and contemporary repercussions. It is a joint venture between the Departments of International History and International Relations.

Another area to which we devoted considerable attention in 2003-04 is Management Education. The LSE has had an Interdisciplinary Institute of Management in the School for some years, but we are not yet fully exploiting the opportunities open to us to expand in the broad field of management education. The LSE is not a business school, and we do not plan to become one, or to offer a traditional MBA. That market is highly congested already, and demand is weakening. But we identify significant opportunities for us, building on our ability to offer management education of a rigorous analytical kind, and set within a broad social sciences institution.

We have therefore established a new steering group, Management at LSE, designed to drive forward our strategy in this area. That involves strengthening our research efforts and identifying new programmes, in some cases joint programmes between different departments of the School, to strengthen our course offering. I will report further on the progress of that initiative, which began in earnest in September 2003, next year.

Widening Participation

During the year we also reviewed the School's approach to widening participation, in other words to the recruitment of students from underrepresented and non traditional backgrounds to the School and the raising of students from those backgrounds.

During the year over 550 students took part in outreach activities run by the School. We promoted Saturday Schools, Winter Schools, Spring Schools, Student Shadowing in School and College visits; some of these programmes in partnership with outside funders such as the Sutton Trust. An evaluation of these programmes suggests that they are effective in encouraging those who participate to apply to university. The proportion of those applying to, and entering universities from those who take part in our programmes is higher than in comparable control groups who do not. Given the nature of the students we target for these programmes, it is perhaps inevitable that many of them in practice apply to universities other than the LSE. We do not regard that as a disadvantage, as long as we are being successful in raising aspirations and student confidence in their abilities.

The Council's view is that these initiatives should be pursued and, if possible, expanded. We hope that the additional income from top up fees will allow us to expand these programmes within the context of our access agreement with OFFA.

Financial Situation

Income and Expenditure

The income of the School and its subsidiaries increased 6% to £129m (2002-03 £122m) in the financial year ending 31 July 2004. Major contributors to this growth were 14% increases in endowment, investment and other income and a 9% increase in HEFCE grants to £24m (2002-03 £22m).

The School achieved a surplus of £8.8m, equivalent to 6.8% of gross income. The previous year had seen an exceptional surplus of £11.2m, reflecting significant recruitment in excess of target as a result of an unexpectedly high ratio of acceptances to offers. While well managed and resourced this placed a significant strain on academic departments and it was therefore important that 2003-04 recruitment was closer to target. In the event this objective was met and 2003-04 students numbers were marginally over target, so fee income increased by 2.5%.

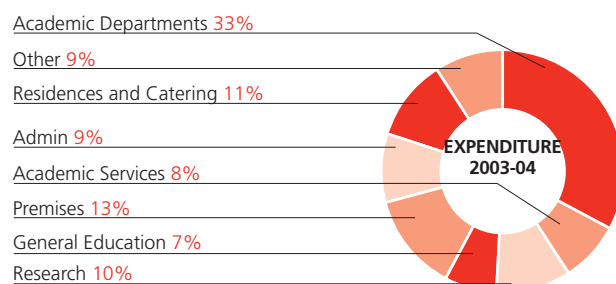
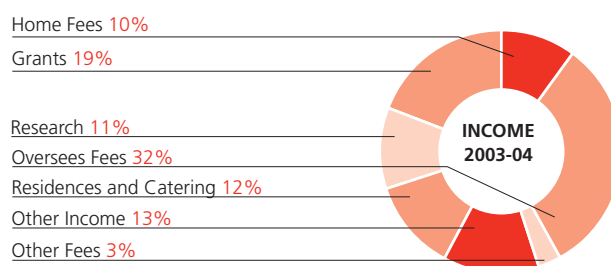
Once again the School benefited from its success in the 2001 RAE exercise with a 12% increase in the research block grant fund which helped offset the 1% reduction in teaching grant income.

The Finance and General Purposes Committee has adopted a target surplus range of 3% to 4% of income, recognising that additional

surplus is required to fund loan repayments and capital investments and reflecting HEFCE guidelines. These investments will enable the School to continue to upgrade the estate and to ensure that our IT and Library facilities for staff and students remain amongst the best available. Finance and General Purposes Committee are working to ensure that the anticipated levels of surplus in 2004-05 and beyond fall within this target range.

Cash Flow and Capital Expenditure

Cash flow from operating activities was strong at £15.3m; the healthy inflow boosted by positive movements in working capital. During the year the School renegotiated its financing arrangements and now has a flexible £75m facility with Barclays that combines an advantageous margin with the opportunity to repay and redraw funds. This will allow us to benefit from the opportunities that our positive cash flow throughout much of the year offers.



During the year the School acquired the freehold of the George IV public house for £1.6m. As this property adjoins other School buildings, its acquisition will allow greater flexibility in estates planning over the coming years. In the meantime it will continue to operate as a licensed premises for the benefit of the School and the local community.

The School was also able to reacquire the lease on the ground floors of Columbia House and has now transformed this into a new street-level catering outlet, the LSE Garrick Restaurant, which offers a wide range of food for staff and students.

Over the next three years the School will refurbish the new property at 24 Kingsway to provide 11,000sqm of high quality teaching space and academic department accommodation.

Funding Council Grants

Although the LSE has a lower dependency on HEFCE grant for income than most other institutions, it remains the second largest component of income after fees and a vital contributor to the operation and development of the School. In addition to the core-teaching grant of £7.6m (2002-03 £7.6m) and research grant of £13.2m (2002-03 £11.9m), the School received £2.0m in specific grants from HEFCE and £0.4m from the Joint Information and Systems Committee to fund IT infrastructure.

6 Research Income

Research income has increased marginally from £14.1m in 2002-03 to £14.2m, and contribution to research overheads has improved from £2.3m to £2.4m. The School monitors the overhead recovery rate achieved on grants to ensure it complies with the minimum overhead recovery guidelines appropriate for each contract type. As the School received Research Council grants totalling £4.7m, representing one-third of its research grant income in 2003-04, we welcome the recognition by Research Councils that they have not, historically, funded the full economic costs of the research they have commissioned and expect that their move to correct this will significantly increase research council grant income in future years. The School also welcomes statements from the Treasury indicating government departments will also fund the full cost of the research they commission. The School plans to use these changes in funding to bring pressure to bear on other research grant sponsors to recognise the gap between the overheads they pay and the actual costs of the work we perform for them.

Enterprise LSE

Enterprise LSE Limited is the wholly owned subsidiary of the School that exists to exploit the huge potential for consultancy and similar activities that the School's world class faculty offers. During 2003-04 it established a new subsidiary, Enterprise LSE Cities Limited, to develop a consulting business that had grown up around the Cities Programme in urban planning. It also completed a successful year of partnership with Duke University's corporate education division.

During the year Keith Mackrell, who as Enterprise LSE's first Chairman guided the company since incorporation, retired. The School has been fortunate to secure the services of Roger Mountford, formerly with Hambros, and now a director of the Civil Aviation Authority, as his successor.

Other Income

As part of the School's ambition to increase residences bed spaces to 4,000 so that we can offer all new students a place in residence by 2006, the School has signed contracts to develop two new halls, at Grosvenor House, Drury Lane, Covent Garden and Crispin Street, Spitalfields offering 366 bed spaces and 169 studio flats respectively. Grosvenor House should take its first students in 2005 and Crispin Street the following year. The capital requirements of these and future expansion are such that they are done in partnership with housing associations and others who provide both the funding and some of the operational services. There are no current plans to sell or to enter into off balance sheet financing for any current freehold residences.

Funding the future

Tuition fees are the single main source of income for LSE, and are expected to remain the largest component of income for the foreseeable future. Continuing to attract world-class faculty and the brightest and best students from all social backgrounds is central to our strategy and critical to our future financial and academic success. This requires that we invest in the physical environment, so that our facilities are more appropriate to the needs and expectations of staff, students and researchers and more consistent with our world-class location and reputation. It also requires that we invest in pay to address both the need to recruit and retain key staff and to enable all staff to enjoy a fair level of income appropriate for the work they do in London.



'24 Kingsway will provide 11,000sqm of high quality space for teaching and research'

As explained earlier, the School has committed that a third of the additional revenue generated by variable fees will be used to ensure that students of the highest ability and potential are able to study at the LSE regardless of their background and financial circumstances. This continues the School's significant track record of using fee income to fund a large scholarship and student award programme – in 2003-04 the School paid £4.7m to fund its students.

Campaign for LSE

The total in gifts and pledges for the Campaign for LSE reached £64m by the end of 2003-04. During the year there were new pledges received to the value of £8.3m: £4.4m previously pledged is now considered uncertain to be received. Cash receipts for the period were £7.7m. LSE Annual Fund achieved a new high of £286k in receipts from its alumni telephone programme and from all sources, including bequests, £681k was received in unrestricted funding for all the School during 2003-04.

Conclusion

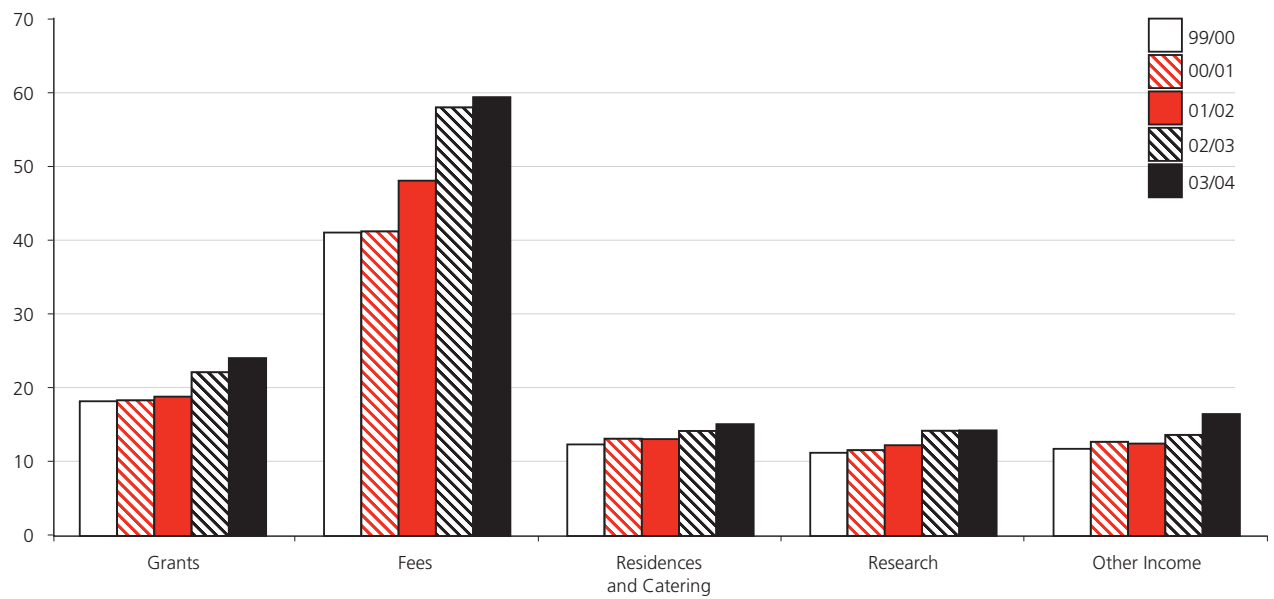
The international environment within which a university like the LSE now operates makes it essential for the School to have the capacity to react to changing circumstances quickly. Where less than 20% of the School's income comes in the form of Government grant, and by far the largest share is attributable to student fees, we must pay particular attention to the changing interests of students, and their demands and expectations. That means being able to adapt our teaching and research portfolio quickly, and to deploy the School resources to maximum effect. I believe we are working towards a position in which we will be able to do that, but there is some way still to go.

Looking forward, the prospects for the LSE are bright. It is clear from the overall demand for our programmes that we continue to offer courses which are attractive to students round the world. With our new building we should be able to look forward to a managed expansion of the School's student numbers over the next five years. But our ambition is to grow while retaining the School's character as a close knit community of social scientists, able to benefit from the cross disciplinary interactions which that community facilitates.

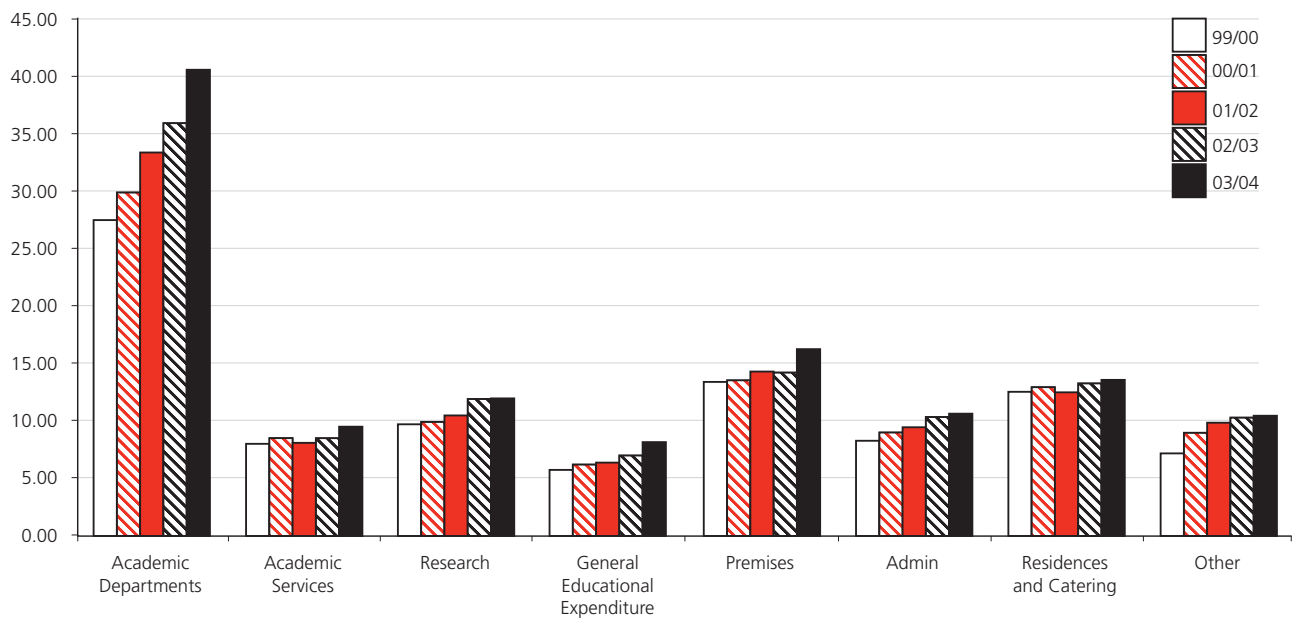
Howard Davies
Director

Five Year Analysis of Income and Expenditure

INCOME £m



EXPENDITURE £m



Report of the Directors

Principal Activities

The principal activities of the School in the year under review were those of Higher Education and Research, together with such other activities as are relevant to facilitate the above objectives. Such additional activities include the provision of catering and accommodation services together with the publication of academic journals.

Review of the Year and Future Developments

A review of the events of the year, together with a summary of expected future developments is given in the Report of the Director, on pages 3-6 of these accounts.

Subsidiary Companies

The financial statements include the results of the subsidiary companies, Enterprise LSE Ltd, LSE LETS Ltd, Enterprise LSE Cities Ltd, LSE Foundation and of the Enterprise LSE Trust.

Fixed Assets

The market value of the School's land and buildings is substantially higher than the historical cost shown in Balance Sheet. The buildings were insured on a cost reinstatement basis at the year end of £376M (Net Book Value £147M).

Employment

The School aims to be an Equal Opportunities Employer. The School's policy of employment with regard to disabled persons is to consider sympathetically the engagement of any suitable registered disabled person who may apply for a post and provide similar opportunities for training, career development and promotion as for other members of staff.

Payment of Creditors

It is the School's policy to obtain the best terms for all business and, thus, there is no single policy as to the terms used. In agreements negotiated with suppliers, the School endeavours to include and abide by specific payment terms.

Directors

The Directors of the School are shown at page 33.



Prominent speakers at LSE have included:

Shami Chakrabarti, director of Liberty

Larry Summers, president of Harvard

Clara Furse, chief executive of the London Stock Exchange (BSc Econ 1979)

His Excellency Tran Duc Luong, president of the Socialist Republic of Vietnam



Accounting Policies

9



The School is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The School receives no similar exemption in respect of Value Added Tax.

The School is incorporated under the Companies Act as a company limited by guarantee.

The accounts set out on pages 11 to 27 have been prepared in accordance with the following accounting policies.

(a) Basis of Accounting

The consolidated financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable Accounting Standards.

(b) Format of the Accounts

The accounts are prepared to conform to the Companies Act 1985 and also with the Statement of Recommended Accounting Practice (SORP): Accounting for Further and Higher Education.

(c) Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the School and all its subsidiary undertakings for the financial year as set out in Note 12. Where the School enters into a Joint Venture arrangement it consolidates its share of assets, liabilities, income and expenditure, in accordance with the requirements of FRS 9.

The consolidated financial statements do not include those of the Students' Union as it is a separate entity in which the School has, under existing arrangements, no financial interest and no control or significant influence over policy decisions.

(d) Income and Expenditure Account

The Income and Expenditure Account reflects all expenditure and general unrestricted income associated with the performance of the principal objects of the School, that is teaching and research, and with restricted income to the extent that expenditure has been incurred.

(e) Land and Buildings

Land and Buildings are capitalised in the School's Balance Sheet at historical cost. The Estates Strategy Committee have reviewed the usable lives of the School's buildings in line with FRS15 and the

depreciation policy is based on this assessment. Freehold buildings are depreciated over the remainder of their useful economic lives which range between 12 and 78 years. Leasehold buildings are amortised over the remaining period of the lease.

Fire Certification Works at the School's Student Residences are depreciated over a period of 15 years.

A review for impairment of a fixed asset is carried out when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, or where an asset is deemed to have an economic life in excess of 50 years. No impairment has been charged to the 2003-04 accounts.

The School's buildings were valued in early 2001. This showed that the value of the Houghton Street site was at least £250M; the value of the Student Residences at least £75M.

Where buildings are acquired with the aid of specific grants or donations they are capitalised and depreciated as above. The related grants and donations are treated as deferred capital grants and are released to income in accordance with the depreciation policy.

(f) Furniture and Equipment

Equipment, including micro-computers and software, costing less than £30,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its useful life which varies between 5 and 19 years.

(g) Finance Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the cost or fair value of the leased assets.

(h) Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the period of the lease term.

(i) Residences Finance Lease

The School's liability under this finance lease is calculated as the principal plus any accrued interest as at the year end. The annual interest charge on the lease is calculated as the interest element of the rental paid during the year plus any accrued interest.

(j) Stock

Stocks which are primarily catering supplies are valued at the lower of cost and net realisable value.

10 (k) Investments

Investments within Fixed Assets that are listed on a recognised stock exchange are carried at market value.

Investments that form part of Endowment Assets are included in the Balance Sheet at market value.

Investment income is accounted for on a receipts basis, no credit being taken for income where the due date falls outside the current accounting period. Interest on deposit accounts is accounted for on the accruals basis.

Appreciation/depreciation in the market value of investments within Fixed Assets is added to or subtracted from the Revaluation Reserve and any profit or loss on realisation is brought into the Income and Expenditure Account. A diminution in market value is charged to the Income and Expenditure Account to the extent that it is not covered by a previous revaluation surplus.

Appreciation/depreciation in the market value of Endowment Asset investments and any profit or loss on realisation is added to or subtracted from the funds concerned.

All investment income and realised gains/losses on disposals of investments arising from unrestricted funds is dealt with in the Income and Expenditure Account. To the extent that the School wishes such income to accrue to the funds from which they arise, it is transferred to those funds after the net surplus/(deficit) for the year has been calculated.

(l) Foreign Currency

All balances held at the year end denominated in a foreign currency are included at the exchange rate ruling at the year end.

(m) Pensions

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements for the University of London (SAUL). Both are defined benefits schemes and are externally funded and contracted out of the State Second Pension (S2P) Scheme. The liabilities are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the school benefits from the employees' services.

The Income and Expenditure Account reflects the contributions payable as stipulated by the pension scheme trustees.

(n) Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the School's treasury management activities.



Consolidated Income and Expenditure Account

	NOTES	2004 £'000	2003 £'000
Income			
Funding council grants	1	24,048	22,011
Tuition fees and education contracts	2	59,392	57,928
Research grants and contracts	3	14,192	14,098
Other income	4	27,574	24,115
Endowment and investment income	5	3,918	3,432
Total income		129,124	121,584
Expenditure			
Staff costs	6	68,080	62,051
Other operating expenses	7	45,683	41,577
Depreciation		3,261	2,901
Interest payable	8	3,327	3,810
Total expenditure		120,351	110,339
Surplus on continuing operations after depreciation of tangible fixed assets at cost and before tax		8,773	11,245
Taxation		–	–
Surplus on continuing operations after depreciation of assets at cost and tax		8,773	11,245
The surplus for the year has been allocated as follows:			
General endowments		404	87
Reserves	21	8,369	11,158
		8,773	11,245

The income and expenditure account is in respect of continuing activities.

As permitted by Section 230 of the Companies Act 1985, the income and expenditure account of the Company is not presented as part of these financial statements. Of the total surplus for the year of £8,773,000, a surplus of £8,760,000 was dealt with by the Company. There is no note of historical cost surpluses and deficits as the reported surplus has been calculated on the historical cost basis.

Statement of Total Recognised Gains and Losses

	NOTES	2004 £'000	2003 £'000
Surplus on continuing operations after depreciation of assets at cost and tax		8,773	11,245
New endowments	20	4,495	3,415
Revaluation of endowment asset investments	20	736	309
Endowment investment income for the year	20	1,151	1,064
Endowment expenditure for the year	20	(3,589)	(3,795)
Total recognised gains and losses relating to the year		11,566	12,238
Reconciliation			
Opening reserves and endowments		85,585	73,347
Total recognised gains and losses for the year		11,566	12,238
Closing reserves and endowments		97,151	85,585

Balance Sheets

	NOTES	Group 2004 £'000	School 2004 £'000	Group 2003 £'000	School 2003 £'000
Fixed Assets					
Intangible assets	9	49	–	–	–
Tangible assets	10	149,795	149,161	149,774	149,064
Investments	11	7,070	7,070	6,851	6,851
Investments in subsidiary undertakings	12	–	150	–	150
Investments in joint ventures	13	160	–	38	–
		157,074	156,381	156,663	156,065
Endowment Assets	14	39,040	39,040	35,843	35,843
Current Assets					
Stock		67	67	82	82
Debtors	15	12,764	14,113	12,004	12,561
Bank deposits	16	13,000	13,000	2,000	2,000
Cash at bank and in hand	16	8,474	7,483	10,085	9,317
		34,305	34,663	24,171	23,960
Creditors: amounts falling due within one year	17	(28,112)	(28,346)	(22,815)	(22,562)
Net current assets		6,193	6,317	1,356	1,398
Total assets less current liabilities		202,307	201,738	193,862	193,306
Creditors: amounts falling due after more than one year	17	(56,646)	(56,646)	(63,148)	(63,148)
NET ASSETS		145,661	145,092	130,714	130,158
Deferred capital grants	19	48,510	48,510	45,129	45,129
Endowments					
Specific	20	32,702	32,702	29,909	29,909
General	20	6,338	6,338	5,934	5,934
		39,040	39,040	35,843	35,843
Reserves					
General reserve	21	58,111	57,542	49,742	49,186
		58,111	57,542	49,742	49,186
TOTAL		145,661	145,092	130,714	130,158

The financial statements on pages 9 to 27 were approved by the Court of Governors on 9 December 2004 and were signed on its behalf.

Consolidated Cash Flow Statement

	NOTES	2004 £'000	2003 £'000
Cash flow from operating activities	22	15,316	12,888
Returns on investments and servicing of finance	23	(950)	(1,722)
Taxation		–	–
Capital expenditure and financial investment	24	693	(4,708)
Management of liquid resources	25	(13,000)	(2,000)
Financing	26	(4,304)	(1,405)
Increase/(decrease) in cash in the period	27	(2,245)	3,053
Reconciliation of net cash flow to movements in net funds/debt			
Increase/(Decrease) in cash in the period		(2,245)	3,053
Cash inflow from new secured loans	26	(45,000)	(1,000)
Cash outflow/(inflow) from liquid resources	25	13,000	2,000
Changes in net debt resulting from cash flows	26	49,304	2,397
Movements in net funds in period		15,059	6,450
Net debt at 1 August 2003/2002		(46,628)	(53,078)
Net debt at 31 July 2004/2003		(31,569)	(46,628)

Notes to the Accounts

1-5

1 FUNDING COUNCIL GRANTS

	NOTES	2004 £'000	2003 £'000
From the HEFCE			
Block Recurrent		20,776	19,499
Library Grants		234	234
Sixth Form Summer School		–	60
Higher Education Innovations Fund		160	187
Recruitment and Retention		833	544
Project Capital Round 2/3		949	421
Other Specific Grants		276	206
Deferred Capital Grants Released in Year	19	369	289
		23,597	21,440
From the Joint Information Systems Committee			
		451	571
		24,048	22,011

2 TUITION FEES AND EDUCATION CONTRACTS

Tuition Fees			
Home/EC Students		13,124	14,444
Overseas Students		42,463	39,749
TRIUM MBA		710	1,072
Short Courses		2,946	2,562
Examination and Other Fees		149	101
		59,392	57,928

3 RESEARCH GRANTS AND CONTRACTS

Research Councils		4,681	4,679
Government Departments		2,588	2,708
Charities		1,636	1,584
European Community		1,238	1,346
Other Outside Bodies		2,489	2,246
Specific Endowments	5	1,560	1,535
		14,192	14,098

4 OTHER INCOME

Residences and Catering		15,040	13,998
Rental Income		2,164	1,654
Overheads – Reimbursed		211	185
Publications		809	711
Library		666	644
External Study Programme		1,544	1,340
Consultancy Services		2,820	2,925
VAT Partial Exemption Scheme		248	311
Application Fees		328	282
Departmental Outside Funds		1,744	809
Research Balances Transferred to Reserves		720	459
Donations towards Estates Projects		522	412
Deferred Capital Donations	19	366	234
Sundry		392	151
		27,574	24,115

5 ENDOWMENT AND INVESTMENT INCOME

Transferred from Specific Endowments	20	3,589	3,795
Donations for General Purposes	20	354	22
Investment of General Endowments			
Interest and Dividends Receivable	20	143	137
Profit/(Loss) on Revaluation	20	89	47
Investment of General Funds			
Interest and Dividends Receivable		1,083	879
Profit/(Loss) on Revaluation		220	87
Research Grants and Contracts funded by Specific Endowments transferred to Note 3	3	(1,560)	(1,535)
		3,918	3,432

Notes to the Accounts

6

6 STAFF COSTS

Total staff costs for the year were:

	2004 £'000	2003 £'000
Wages and Salaries	57,434	52,538
Social Security Costs	5,041	4,334
Other Pension Costs	5,605	5,179
	68,080	62,051

The average weekly number of persons employed by the School during the year expressed as full-time equivalents was:

	2004 Number	2003 Number
Academic Departments	679	656
Academic Services	162	167
Research Grants and Contracts	246	244
General Educational Expenditure	3	4
Premises	96	90
Administration and Central Services	323	301
Staff and Student Facilities	23	22
Other Operating Expenditure	60	59
Student Residences	113	121
Central Catering	40	36
	1,745	1,700

Some of the 2003 Staff Number figures have been re-stated to ensure comparability with 2004.

DIRECTORS' REMUNERATION

Directors

Emoluments (2003-04 – 9 Directors; 2002-03 – 10 Directors)

	2004 £'000	2003 £'000
	731	752

Retirement benefits are accruing to 9 directors under a defined benefit scheme, USS.

Highest paid director

Emoluments

Defined benefit pension scheme:

Accrued pension at end of year

Accrued lump sum at end of year

	172	196
	1	90
	3	268

Higher paid staff

Emoluments of the Director (resigned 30 September 2003)

Employer's pension contributions on behalf of the Director

Total emoluments of the Director

	40	196
	–	–
	40	196

Contributions to the pension scheme had stopped as 40 years pensionable service had been achieved.

Emoluments of the Director (appointed 1 October 2003 – 10 months actual costs)

Employer's pension contributions on behalf of the Director

Total emoluments of the Director

	172	–
	23	–
	195	–

The Director was the School's 'Highest Paid Director' as disclosed above.

Two senior academics took early retirement and amounts of £29,000 and £98,000 were paid into their USS pension scheme to buy added years of service.

Notes to the Accounts

6-8

6 STAFF COSTS (Cont.)

The number of other Higher Paid Staff (excluding the Director) but including directors who received emoluments including benefits in kind but excluding employer's pension contributions in the following ranges was:

	Higher Paid Employees	
	2004 Number	2003 Number
£70,001-£80,000	25	31
£80,001-£90,000	20	10
£90,001-£100,000	5	8
£100,001-£110,000	8	8
£110,001-£120,000	4	2
£120,001-£130,000	1	–
£130,001-£140,000	–	–
£140,001 - £150,000	2	1
£150,001 - £160,000	–	1
	65	61

Total remuneration includes salaries and other additional payments relating to Summer School, TRIUM, and consultancy and executive education delivered via Enterprise LSE. It does not include payments for private consultancy or income from outside LSE and its subsidiaries.

7 OTHER OPERATING EXPENSES

	2004 £'000	2003 £'000
Academic Departments	4,073	3,367
Library and IT Services	4,295	3,829
Research Grants and Contracts	2,802	2,960
General Educational Expenditure	7,598	6,043
Premises	11,067	9,771
Administration and Central Services	2,030	2,315
Staff and Student Facilities	376	245
Residences and Catering	8,141	7,459
Miscellaneous	5,301	5,588
	45,683	41,577
Other operating expenses include:		
Auditors' remuneration – external audit	47	45
Auditors' remuneration – other services	15	7

8 INTEREST PAYABLE

Loans repayable within five years	141	104
Loans not wholly repayable within five years	2,329	2,877
	2,470	2,981
Finance Leases	857	829
	3,327	3,810

17



9 INTANGIBLE FIXED ASSETS

GROUP

RESEARCH AND DEVELOPMENT

Cost

£'000

As at 1 August 2003	–
Reclassification from Equipment (Note 10)	103
Additions in Year	14
As at 31 July 2004	117

Depreciation

As at 1 August 2003	–
Reclassification from Equipment (Note 10)	33
Charge for Year	35
As at 31 July 2004	68

Net Book Value

As at 1 August 2003	–
As at 31 July 2004	49

This represents a computer software programme developed for sale in Enterprise LSE Ltd.

SCHOOL

There are no intangible assets in the School's accounts.

Notes to the Accounts

10

10 TANGIBLE FIXED ASSETS

GROUP	LAND AND BUILDINGS			TOTAL £'000
	FREEHOLD £'000	LONG LEASEHOLD £'000	EQUIPMENT £'000	
Cost				
As at 1 August 2003	139,345	16,911	6,600	162,856
Reclassification to Intangible Assets (Note 9)	–	–	(103)	(103)
Additions in Year	2,698	–	569	3,267
Disposals	–	–	(369)	(369)
As at 31 July 2004	142,043	16,911	6,697	165,651
Depreciation				
As at 1 August 2003	7,838	1,562	3,682	13,082
Reclassification to Intangible Assets (Note 9)	–	–	(33)	(33)
Charge for Year	2,228	322	626	3,176
Disposals	–	–	(369)	(369)
As at 31 July 2004	10,066	1,884	3,906	15,856
Net Book Value				
As at 1 August 2003	131,507	15,349	2,918	149,774
As at 31 July 2004	131,977	15,027	2,791	149,795
SCHOOL	LAND AND BUILDINGS			TOTAL £'000
	FREEHOLD £'000	LONG LEASEHOLD £'000	EQUIPMENT £'000	
Cost				
As at 1 August 2003	139,345	16,261	6,323	161,929
Additions in Year	2,698	–	521	3,219
Disposals	–	–	(369)	(369)
As at 31 July 2004	142,043	16,261	6,475	164,779
Depreciation				
As at 1 August 2003	7,838	1,516	3,511	12,865
Charge for Year	2,228	310	584	3,122
Disposals	–	–	(369)	(369)
As at 31 July 2004	10,066	1,826	3,726	15,618
Net Book Value				
As at 1 August 2003	131,507	14,745	2,812	149,064
As at 31 July 2004	131,977	14,435	2,749	149,161

GROUP AND SCHOOL

Fixed assets acquired by the School are funded from various sources. Many assets have conditions attached in the case of disposal and the proceeds may therefore not be available to the School.

Included within Freehold Land and Buildings is Student Residential Accommodation with a net book value of £12,342,000 (2002-03 – £12,505,000) which is financed by a finance lease. The depreciation charge was £165,000 (2002-03 – £165,000).

The School's collections of books, manuscripts and objets d'art have been built up over many years, their historic cost is not ascertainable, and their value incalculable.

Notes to the Accounts

11-13

11 INVESTMENTS WITHIN FIXED ASSETS – GROUP AND SCHOOL

	2004 £'000	2003 £'000
Movement in the year		
Balance at 1 August	6,851	6,764
Additions	–	197
Disposals	–	(197)
Appreciation of assets including reinvested profits on sales	219	87
Balance at 31 July	7,070	6,851
Analysis of closing balance		
UK Equities	3,520	3,441
Overseas Equities	2,366	2,455
UK Corporate Bonds	687	576
Other	436	379
Money Market Funds	61	–
Invested	7,070	6,851

12 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Group 2004 £'000	School 2004 £'000	Group 2003 £'000	School 2003 £'000
Subsidiary Companies	–	150	–	150

Principal subsidiaries are:

Name	Nature of Business	Shareholding	
		£1 Ordinary Shares	No. of Shares
Enterprise LSE Ltd	Consultancy	100%	150,000
Enterprise LSE Cities Ltd	Consultancy	100%	2
LSE LETS Ltd	Vacation Lettings	100%	2
VELSE Ltd	Dormant	100%	2

All of the above are registered in England.

The results of the following subsidiaries are also consolidated

LSE Foundation (registered in the United States) has no share capital but is owned by the School and carries out fund-raising activities in the United States.

Enterprise LSE Charitable Trust does not have a share capital but is controlled by a trust deed requiring all income to be distributed to the LSE Group.

The School, through its subsidiary, Enterprise LSE Ltd, holds a 0.6% share in UNEXT Inc. (registered in USA). No control is exerted over UNEXT Inc. therefore it is not considered as a subsidiary and is not consolidated within these accounts. Income and expenditure in respect of UNEXT Inc. is recorded in accordance with the School's normal accounting policies.

13 INVESTMENTS IN JOINT VENTURES

	Group 2004 £'000	School 2004 £'000	Group 2003 £'000	School 2003 £'000
Joint Ventures	160	–	38	–

The School has a 50% share in the Journal of Transport Economics and Policy being a Joint Venture with the University of Bath. Accounts have not yet been received for 2003-04 but the 2002-03 Accounts show the School's share of Turnover to be £42,000 and Operating Profit to be £2,000. These have not been disclosed on the face of the Income & Expenditure Account due to immateriality.

The School has a one third share in the TRIUM MBA course, being a Joint Arrangement that is not an entity (JANE) with NYU Stern and HEC Paris. This has been consolidated on a proportional basis in accordance with FRS9.

Notes to the Accounts

14-16

14 ENDOWMENT ASSETS – GROUP AND SCHOOL

	2004	2003
	£'000	£'000
Movement in the year		
Balance at 1 August	35,843	34,763
Additions	2,549	5,383
Disposals	(128)	(4,610)
Appreciation of assets including reinvested profits on sales	825	356
Depreciation of Freehold Property	(49)	(49)
Balance at 31 July	<u>39,040</u>	<u>35,843</u>
Analysis of closing balance		
UK Equities	16,394	15,210
Overseas Equities	4,140	3,937
Gilts	2,012	1,860
UK Corporate Bonds	4,931	4,796
Other	586	461
Money Market Funds	474	392
Invested	<u>28,537</u>	<u>26,656</u>
Freehold Property	2,275	2,325
Uninvested Cash	8,228	6,862
	<u>39,040</u>	<u>35,843</u>

21

Included within Freehold Property is an Investment of £33K in CVCP Properties PLC representing the School's allotment of shares that enabled the University sector to purchase the freehold of the UUK's Headquarters in Tavistock Square.

15 DEBTORS

	Group	School	Group	School
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade Debtors	5,402	5,059	3,625	3,104
Research Balances	2,006	2,006	2,126	2,126
Amounts due from Subsidiary Undertakings	–	1,905	–	1,308
Staff Loans for Housing	18	18	17	17
Other Debtors	3,900	3,769	4,584	4,523
Prepayments and Accrued Income	1,198	1,116	1,274	1,105
	<u>12,524</u>	<u>13,873</u>	<u>11,626</u>	<u>12,183</u>
Amounts falling due after more than one year				
Trade Debtors	176	176	244	244
Staff Loans for Housing	64	64	73	73
Prepayments and Accrued Income	–	–	61	61
	<u>240</u>	<u>240</u>	<u>378</u>	<u>378</u>
TOTAL	<u>12,764</u>	<u>14,113</u>	<u>12,004</u>	<u>12,561</u>

16 CASH AT BANK AND IN HAND

	Group	School	Group	School
	2004	2004	2003	2003
	£'000	£'000	£'000	£'000
Fixed Term Deposits	13,000	13,000	2,000	2,000

Included within Cash is £1,245,000 (2003: £1,003,000) held on behalf of the TRIUM MBA Joint Arrangement of which the School is a member. The element relating to other members of the Joint Arrangement is recorded in Creditors and Accruals and Deferred Income.

Notes to the Accounts

17-18

17 CREDITORS

22 **Amounts falling due within one year**

	GROUP 2004	SCHOOL 2004	GROUP 2003	SCHOOL 2003
	£'000	£'000	£'000	£'000
Bank Loans	4,625	4,625	2,427	2,427
Trade Creditors	3,728	3,722	1,694	1,685
Research Balances	4,246	4,246	4,537	4,537
Short Courses	15	15	24	24
Amounts due to Subsidiary Undertakings	–	936	–	889
Taxation and Social Security	2,817	2,808	1,833	1,822
Other Creditors	1,206	1,184	2,549	2,513
TRIUM MBA Joint Arrangement	384	384	22	22
Building Works	1,538	1,538	1,071	1,071
Accruals and Deferred Income	9,553	8,888	8,658	7,572
	28,112	28,346	22,815	22,562

Amounts falling due after one year

Bank Loans	42,300	42,300	48,700	48,700
Obligations under Finance Lease	14,346	14,346	14,448	14,448
	56,646	56,646	63,148	63,148

18 BORROWINGS

Bank loans and mortgages are repayable as follows

	GROUP 2004	SCHOOL 2004	GROUP 2003	SCHOOL 2003
	£'000	£'000	£'000	£'000
In one year or less	4,550	4,550	2,427	2,427
Between one and two years	1,800	1,800	5,202	5,202
Between two and five years	5,400	5,400	7,528	7,528
In five years or more	35,100	35,100	35,970	35,970
	46,850	46,850	51,127	51,127

Finance Leases

The net finance lease obligations to which the School is committed are

In one year or less	75	75	–	–
Between one and five years	854	854	226	226
Over five years	13,492	13,492	14,222	14,222
	14,421	14,421	14,448	14,448

Bank loans and mortgages contain secured loans at variable rates of interest linked to LIBOR. The margins fall in a range between LIBOR and LIBOR plus 1%.

The School has arranged a £75,000,000 loan facility expiring in December 2028 and has drawn down £45,000,000 in January 2004 to refinance a number of existing loans. The balance outstanding at the end of the year was £44,100,000 and is secured on one Student Residence and two School properties. The School has entered into a concurrent 25 year fixed rate swap with a notional principal of £45,000,000 to hedge interest rate exposure on this loan. After 31 July 2004 year end, the School has entered into a further £20,000,000 fixed rate swap to hedge interest rate exposure on anticipated draw down to finance purchase and development of the new academic building at 24 Kingsway. The effective fixed rate cost of the loan and swap taken together is between 5% and 5.5%.

A loan of £3,785,000 (2003: £3,785,000) was subject to a 10 year swap agreement at an interest rate of 8.84% but was fully repaid in December 2003.

A loan of £18,960,000 (2003: £19,200,000) was subject to a 5 year interest rate swap agreement at a rate of 7.13% but was fully repaid in January 2004.

A Finance Lease of £14,421,000 (2003: £14,448,000) is subject to a notional interest rate (7.058%) assumed in the lease cash flows and is secured on a Student Residence.

19 DEFERRED CAPITAL GRANTS

GROUP AND SCHOOL	NOTES	FUNDING	OTHER GRANTS	TOTAL
		COUNCIL	AND DONATIONS	
		£'000	£'000	£'000
As at 1 August 2003		23,076	22,053	45,129
Cash Received		(533)	4,695	4,162
Released to Income and Expenditure Account – School	1 and 4	(369)	(366)	(735)
Released to Income and Expenditure Account – Halls		(18)	(28)	(46)
As at 31 July 2004		22,156	26,354	48,510

Other Grants and Donations represent sums received to assist the School to acquire and develop specific academic and student residential buildings.

20 ENDOWMENTS

GROUP AND SCHOOL	NOTES	SPECIFIC	GENERAL	TOTAL
		£'000	£'000	£'000
At 1 August 2003		29,909	5,934	35,843
Additions	5	4,495	354	4,849
Appreciation/(Depreciation) of Endowment Asset Investments	5	736	89	825
Investment Income	5	1,151	143	1,294
Depreciation of Freehold Property		–	(49)	(49)
Transferred to Income and Expenditure Account		(3,589)	(133)	(3,722)
At 31 July 2004		32,702	6,338	39,040

21 MOVEMENTS ON GENERAL RESERVE

	GROUP	SCHOOL	GROUP	SCHOOL
	2004	2004	2003	2003
		£'000	£'000	£'000
As at 1 August	49,742	49,186	38,584	38,192
Surplus for the Year	8,369	8,356	11,158	10,994
As at 31 July	58,111	57,542	49,742	49,186

Notes to the Accounts

22-24

22 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

24

	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Surplus of Income over Expenditure for the Year on Total Activity Before Tax		8,773		11,245
Adjustment for Depreciation and Deferred Capital Grants				
Depreciation	3,261		2,901	
Loss on Disposal of Tangible Fixed Assets	–		21	
Deferred Capital Grants Released	(781)		(569)	
	<hr/>	2,480	<hr/>	2,353
Adjustment for Investment and Financing Cash Flows				
Investment Income Receivable	(1,226)		(1,016)	
(Profit)/Loss on Disposal/Revaluation of Investments	(309)		(134)	
Interest Payable	3,327		3,810	
	<hr/>	1,792	<hr/>	2,660
Adjustment for Restricted Fund Cash Flows				
Transfer to Income and Expenditure Account	(3,589)		(3,795)	
Additions to Funds	3,628		3,262	
	<hr/>	39	<hr/>	(533)
Adjustment for Joint Venture (Profit)/Loss		(122)		3
Adjustments to Working Capital				
(Increase)/Decrease in Stocks	15		(11)	
(Increase)/Decrease in Debtors	(760)		(1,866)	
Increase/(Decrease) in Creditors	5,297		(941)	
Less relating to: Bank Loans/Mortgages	(2,198)		(22)	
	<hr/>	2,354	<hr/>	(2,840)
Net cash inflow from Operating Activities		<hr/> 15,316		<hr/> 12,888

23 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2004 £'000	2003 £'000
Income from Endowments	1,294	1,201
Other Investment Income	1,083	879
Interest Payable	(3,327)	(3,810)
Accrued Interest added to Long Term Loans	–	8
	<hr/>	<hr/>
	(950)	(1,722)

24 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Payments to Acquire Tangible Fixed Assets	(3,267)	(13,179)
Payments to Acquire Intangible Fixed Assets	(14)	–
Payments to Acquire Investments	(1,183)	(5,433)
Receipts from Disposal of Fixed Assets	–	6
Receipts from Sales of Investments	128	4,807
Deferred Capital Grants/Donations Received	4,162	8,938
Permanent Endowments Received	867	153
	<hr/>	<hr/>
	693	(4,708)

Notes to the Accounts

25-28

25 MANAGEMENT OF LIQUID RESOURCES

	2004 £'000	2003 £'000
Cash (Added)/Withdrawn from Fixed Term Deposits	(13,000)	(2,000)
26 FINANCING		
Bank Loan Repayments	(49,304)	(2,405)
New Loans and Mortgages	45,000	1,000
	(4,304)	(1,405)

25

27 ANALYSIS OF CHANGES IN NET DEBT

	AT 1 AUGUST 2003 £'000	CASH FLOWS £'000	OTHER CHANGES £'000	AT 31 JULY 2004 £'000
Cash at Bank and in Hand	10,085	(1,611)	–	8,474
Endowment Cash	6,862	1,366	–	8,228
Less: Fixed Term Deposits within Endowment Cash	(6,000)	(2,000)	–	(8,000)
	10,947	(2,245)	–	8,702
Fixed Term Deposits	8,000	13,000	–	21,000
Debt due within one year	(2,427)	2,427	(4,625)	(4,625)
Debt due after one year	(63,148)	1,877	4,625	(56,646)
	(46,628)	15,059	–	(31,569)

28 PENSION COMMITMENTS

(i) USS

The School participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the Scheme was at 31 March 2002. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the School's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

The total pension cost for the School was £4,804,000 (2003 £4,408,000). The contribution rate payable by the School was 14% of pensionable salaries.

The scheme is open to the School's academic and academic related support staff. There are currently 919 staff who are members of the scheme.

28 PENSION COMMITMENTS (Cont.)**(ii) SAUL**

The School participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The School has now adopted FRS17 for accounting for pension costs. It is not possible to identify the School's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8-12 of FRS17.

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2002 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

VALUATION METHOD**PROJECTED UNIT
PAST SERVICE FUTURE SERVICE**

Investment return on liabilities		
before retirement	6.0% p.a.	7.0% p.a.
after retirement	5.0% p.a.	5.0% p.a.
Salary growth (excluding an allowance for promotional increases)	4.2% p.a.	4.2% p.a.
Pension increases	2.7% p.a.	2.7% p.a.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual Employers. As a whole, the market value of the scheme's assets was £941 million representing 121% of the liability for benefits after allowing for expected future increases in salaries.

The contribution rate required for future service benefits alone at the date of the valuation was 17.4% of salaries per annum.

Employers who have recently joined SAUL ('New Employers') and certain employee groups (as agreed by the Trustee of SAUL), pay 17.4% of salaries per annum until the second actuarial valuation after entry (or some other period as agreed with the Trustee). The past service surplus allows all other Employers to pay contributions at the rate of 10.5% of pensionable salaries per annum, subject to review at future valuations. The surplus also supports the continuation of the Employee contribution rate of 5% of salaries per annum, again subject to review.

The next formal actuarial valuation is due at 31 March 2005 when the above rates will be reviewed.

The current actuarial assumptions are that the Employer contribution rate will increase from 10.5% to 16.9% from April 2011.

The scheme is open to the School's secretarial, clerical and technical staff. There are currently 412 staff who are members of the scheme.

(iii) The pensions of ex-members of staff who retired under the previous superannuation scheme for academic and related staff (FSSU) are supplemented as of right under the National Scheme for Supplementation of Superannuation Benefits. This supplementation is payable during the lifetime of the ex-member of staff and is increased each year by comparison with increases in public service pensions authorised under the Pensions (Increase) Act 1971. The cost of these supplementary pensions is charged in the Income and Expenditure Account, but no provision is made for the commitment in respect of future years.

29 CAPITAL COMMITMENTS**Authorised but not contracted for at 31 July**

24 Kingsway

Mobil Court, Tower 3

	GROUP 2004 £'000	SCHOOL 2004 £'000	GROUP 2003 £'000	SCHOOL 2003 £'000
24 Kingsway	18,000	18,000	–	–
Mobil Court, Tower 3	12,500	12,500	–	–
	30,500	30,500	–	–

Both these buildings have now been purchased since the year end.

30 OPERATING LEASES

At 31 July the School had annual commitments under non-cancellable operating leases as follows:

Land and buildings

Expiring within one year

Expiring between two and five years

Expiring in over five years

	GROUP 2004 £'000	SCHOOL 2004 £'000	GROUP 2003 £'000	SCHOOL 2003 £'000
Expiring within one year	–	–	–	–
Expiring between two and five years	–	–	–	–
Expiring in over five years	1,893	1,893	1,676	1,676
	1,893	1,893	1,676	1,676

31 RELATED PARTY TRANSACTIONS

Due to the nature of the School's operations and the composition of the Court of Governors (being drawn from national public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Court of Governors may have an interest. All transactions involving organisations in which a member of the Court of Governors may have an interest are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.

32 CONTINGENT LIABILITIES

The School is a member of UMALT, a company limited by guarantee, formed to provide a mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their pro rata share, payments being spread over seven years through the use of a bank facility.

33 ACCESS FUNDS**Consolidated and School**

Balance Unspent as at 1 August
Funding Council Grants
Interest Earned
Disbursed to Students
Balance Unspent as at 31 July

2004 £'000	2003 £'000
14	44
167	120
2	2
(156)	(152)
27	14

Funding council grants are available solely for students; the School acts as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

In addition to the above the School has spent £4,682,000 during the year on Student Support using general funds to support hardship grants and merit awards.

34 FUNDING OF TANGIBLE FIXED ASSETS

	AT 1 AUGUST 2003 £'000	ADDITIONS FUNDED BY GENERAL RESERVES £'000	DEPRECIATION £'000	AT 31 JULY 2004 £'000
Land and Buildings	146,856	2,698	(2,550)	147,004
Equipment	2,918	499	(626)	2,791
	149,774	3,197	(3,176)	149,795
Funded by:				
Deferred Capital Grants	45,129			48,510
Bank Loans	65,575			61,271
General Reserves	39,070			40,014
	149,774			149,795

35 POST BALANCE SHEET EVENTS

Since the year end there has been an adjudication relating to building works in the rare books archive, in the library, in favour of the School of £457,000 net of adjudicator fees. This amount is not included in the accounts.

Corporate Governance and Internal Control Statement

The following statement is given to assist readers of the financial statements to gain an understanding of the governance structure of the School and to indicate the School's arrangements for implementation of best practice for internal control and risk management.

The School is a charity and company limited by guarantee, which it has been since 1901, and as such its primary documents of governance are a Memorandum and Articles of Association. In the higher education sector, the LSE is one of a small number of institutions which has this basis for its governance structure. Although the School is not required to comply with the regulation of the London Stock Exchange, it complies with the Combined Code on corporate governance to the extent that its principles apply to universities. The principal statutory bodies of the School are as follows:

The Court of Governors

(which constitutes the members of the company)

As constitutional guardian, the Court has the following formal powers: the appointment of members of Court, its sub-committees and of the Council; amendment of the Memorandum and Articles of Association; appointment of the Director; approval of the annual accounts; and appointment of the external auditors. As members of the company, governors have the power of recall under the Companies Acts. If governors are dissatisfied with a decision made by the Council, they (i.e. 10 members according to the Companies Acts) can requisition a special meeting of the Court. Such a meeting would be for discussion only; or, if due notice was given, could in extreme circumstances involve the removal of Council.

The Council

(the full voting members of the Council are the directors of the company)

The Council is the governing body of the School and its formal powers and terms of reference are set out in the Articles. Its primary role is to agree strategic direction and to maintain a focus on areas identified in the strategic plan (i.e. governance and management, risk management, financial strategy, estates strategy, human resource strategy, information strategy, academic strategy and external relations) and it concentrates its work on making key decisions in these areas. It is also the corporate trustee of the School under the Charities Acts.

Council is supported in carrying out its role by a Finance and General Purposes Committee, a Remuneration Committee, an Estates Strategy Committee, a Human Resources Strategy Committee, a Risk Committee, an External Relations Committee, a Library and Information Services Committee, a Health and Safety Committee, an Alumni Relations Committee and an Audit Committee.

The Academic Board, which also reports to the Council, is the principal academic body of the School which considers all major issues of general policy affecting the academic life of the School and its development.

Internal Control

1. As the governing body of the School, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible under the terms of the Articles and the Financial Memorandum with the HEFCE.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2004 and up to the date of approval of the financial statements and is in accordance with HEFCE guidance.
4. As the governing body, the Council has the responsibility for reviewing the effectiveness of the system of internal control, and a number of changes have been made during the year under review as described below. The following processes have been established in order to carry through that responsibility.
 - 4.1 Council meets three times each term. Part of its remit is to review key elements of the strategic direction of the School. These reviews include consideration of risk and control factors in relation to the School's strategic objectives, continuing operations and proposed new developments.
 - 4.2 Until the Summer Term 2004, the detailed oversight of risk management arrangements was carried out on Council's behalf by the Finance and General Purposes Committee, to which a Risk Sub-Committee reported. Following a review, Council has now decided to take a closer role in the monitoring and management of risk, and the status, membership and terms of reference of the Risk Sub-Committee have been changed so as to make it a full committee of Council. The Risk Committee will report directly to Council and will be concerned primarily with strategic risks, but also with the overall arrangements for the management of operational risks and the further embedding of a risk-aware culture in the School. The Finance and General Purposes Committee will continue to play a significant role in relation to risk, but its concern will be

primarily to advise Council on financial risks to the Strategic Plan, including the financial implications of non-financial risks.

- 4.3** The detailed work in relation to operational risk and embedding procedures is to be undertaken by a Risk Management Group, which will report to the Risk Committee. Members of the Group will act as risk champions' and report back regularly to the Group on the success or otherwise of the various embedding procedures and practices in operation.
 - 4.4** The identification of new and emerging risks arises primarily from regular meetings held by senior School officers and heads of administrative divisions, which are then evaluated through the Risk Committee or Risk Management Group as appropriate. Where risk assessment by administrative officers has identified that urgent Council consideration is required, risks are addressed directly to Council, for example in relation to proposed major capital projects or third party collaborations.
 - 4.5** An important element of the risk management environment is the Regulation and Procedures for Financial Management and these have been thoroughly overhauled and updated during the year under review. Particular attention has been given to strengthening the requirements in relation to subsidiary companies, joint ventures and other third party collaborations. A more rigorous approach has also been adopted in order to optimise compliance with the regulations.
 - 4.6** The Audit Committee has received regular reports on the work of the Risk Sub-Committee and will continue to do so on that of the Risk Committee. The Head of Internal Audit also reports regularly to the Audit Committee on the adequacy and effectiveness of the constituent elements of the School's system of internal control, together with recommendations for improvements. Internal audit's work includes continuing review of the strategic and operational risks associated with the key systems and units examined.
 - 4.7** Methods of risk prioritisation based on ranking criteria for institution-wide risks and operational risks are being trialled.
 - 4.8** Risk awareness is to be established as an element in staff induction programmes and ongoing training programmes have been developed.
- 5.** Council's view of the effectiveness of the system of internal control is informed by reports from the Audit Committee, which receives and analyses regular reports from internal audit on all major systems and departments. The internal audit unit, which operates to standards defined in the HEFCE Code of Practice on Accountability and Audit was last reviewed for effectiveness by the HEFCE Audit Service in November 2000. The head of internal audit submits regular reports which include his independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. During the year under review, the Audit Committee considered the arrangements in place for monitoring the effectiveness of internal audit and agreed that more formal procedures should be adopted for the evaluation of feedback data.
 - 6.** Council's view is also informed by the work of operational managers within the School who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letters and other reports.

Statement of Council's Responsibilities

In accordance with the Companies Act 1985 the Council, as directors, are responsible for the administration and management of the School's affairs, including running an effective system of internal controls, and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable it to ensure that the financial statements are prepared in accordance with the Companies Act 1985, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum between the Higher Education Funding Council for England and the Council of the School, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the surplus or deficit and cash flows for that year. The designated office holder for this purpose is the Director.

In causing the financial statements to be prepared, the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the School will continue in operation. The Council is satisfied that the School has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the School and to prevent and detect fraud;

- secure the economical, efficient and effective management of the School's resources and expenditure.

The key elements of the School's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and General Purposes Committee on behalf of the Council;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Council and whose head provides the Council (through the Audit Committee) with a report on internal audit activities within the School and an opinion on the adequacy and effectiveness of the School's system of internal controls, including internal financial controls.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

The maintenance and integrity of the London School of Economics and Political Science website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of the Court of Governors of the London School of Economics and Political Science

We have audited the financial statements of the London School of Economics and Political Science for the year ended 31 July 2004, which comprise the income and expenditure account, the balance sheet, the cashflow statement, the statement of total recognised gains and losses and the related notes.

This report is made solely to the members of the School's Court. Our audit work has been undertaken so that we might state to the Members of the Court 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 School and the Members of the Court as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Members of the Court and Auditors

As described in the statement of responsibilities of the Council of the London School of Economics and Political Science, the Council is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether, in our opinion monies expended out of funds from whatever source administered by the School for specific purposes were properly applied for those purposes and where relevant managed in accordance with appropriate legislation and whether monies expended out of funds provided by the Higher Education Funding Council were applied in accordance with the financial memorandum and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Report of the Chairman of the Court of Governors, or the Report of the Director are not consistent with the financial statements, if the School has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Chairman of the Governors, and the Report of the Director, and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the School's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the London School of Economics and Political Science and the group at 31 July 2004 and of the group's surplus for the year then ended.

In our opinion, in all material respects, funds from whatever source administered by the School for specific purposes were properly applied for the intended purposes and, where relevant, managed in accordance with appropriate legislation for the year ended 31 July 2004.

In our opinion, in all material respects, funds provided by the Higher Education Funding Council for England were applied in accordance with the financial memoranda dated 1 August 2000 and 1 October 2003 and any other terms and conditions attached to them for the year ended 31 July 2004.

RSM Robson Rhodes LLP

*Chartered Accountants and Registered Auditors
Hemel Hempstead, England*

Officers Responsible for the School's Finances

32

Lord Grabiner of Aldwych QC
Chairman of the
Court of Governors



Bernard Asher
Vice-Chairman
Court of Governors



Bryan Sanderson
Vice-Chairman
Court of Governors to 11 December 2003



Sir Anthony Battishill
Vice-Chairman
Court of Governors from 11 December 2003



Sir Michael Lickiss
Chairman
Finance and General Purposes Committee



Howard Davies
Director from 1 October 2003



Professor Anthony Giddens
Director to 30 September 2003



Professor Judith Rees
Deputy Director
to 31 July 2004



Dr Ray Richardson
Deputy Director



Professor Henrietta Moore
Deputy Director



Professor Paul Johnson
Deputy Director
from 1 August 2004



Adrian Hall
Secretary and Director of Administration



Andrew Farrell
Director of Finance and Facilities



Neil Gregory
Director of Business and Enterprise



Michael Ferguson
Deputy Finance Director
and Head of Finance Division



Nigel Stallard
Assistant Finance Officer



Directors of the School and Members of the Council

Members of the Council and Directors of the School

Chairman: Lord Grabiner of Aldwych QC

Vice-Chairman: Mr Bernard Asher

Vice-Chairman: Mr Bryan Sanderson (to 11 December 2003)

Vice-Chairman: Sir Anthony Battishill (appointed as Vice Chairman 11 December 2003)

Dr R Altmann (appointed 1 August 2003)

Professor N Barr

Ms P Baxendale QC

Professor C Brown (appointed 1 August 2003)

Howard Davies (appointed 1 October 2003)

Mr L Dighton

Dr C V Downton (resigned 11 December 2003)

Professor A Giddens (resigned 30 September 2003)

Mr Cyril Glasser CMG

Mr Richard Goeltz

Mr Loyd Grossman (appointed 1 August 2003)

Professor J Hartley (appointed 1 August 2003)

Mr W Kolade (appointed 11 March 2004)

Ms A Lapping (appointed 11 March 2004)

Sir Michael Lickiss

Professor D Lieven (appointed 14 November 2003)

Professor Peter Miller

Ms Anne Page (resigned 31 July 2004)

Mr I Rasheed (appointed 30 October 2003, resigned 31 July 2004)

Professor J Rees (resigned 31 July 2004)

Dr Ray Richardson

Mr Elliot Simmons (resigned 31 July 2004)

Mr R M Worcester

Members of the Council not Directors of the School

Professor H Moore

Professor W T Murphy

Professor J V Rosenhead

Company Secretary: Mr A Hall



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Photography: LSE Photographer Nigel Stead

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The School seeks to ensure that people are treated equitably, regardless of age, disability, race, nationality, ethnic or national origin, gender, religion, sexual orientation or personal circumstances.

The information in this leaflet can be made available in alternative formats, on request. Please contact: Nigel Stallard, Email: n.stallard@lse.ac.uk