



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

FINANCIAL STATEMENTS

for the year ended 31 July 2015





CONTENTS

2	Report of the Chairman of the Court of Governors
3	Report of the Director of the School
4-16	Report of the Directors
17-19	Accounting Policies
20	Consolidated Income and Expenditure Account
21	Statement of Total Recognised Gains and Losses
22	Balance Sheets
23	Consolidated Cash Flow Statement
24-39	Notes to the Accounts
40	Five Year Group Financial Summary
41-44	Corporate Governance and Internal Control Statement
45	Environmental Policy
46	Endowment Investment Performance
47	Report of the Auditors
49	Directors of the School and Members of the Council

REPORT OF THE CHAIRMAN OF THE COURT OF GOVERNORS

I am delighted to have been appointed Chairman of the LSE. It would be a privilege at any time to be associated with such a prestigious educational establishment, but these are especially exciting times, as the School celebrates the 120th anniversary of its foundation. I am committed to ensuring that during my tenure the School remains focused and ambitious in its commitment to its core mission, delivering world-class teaching, research and public engagement. I am exceedingly grateful to my predecessor, Peter Sutherland, for his dedicated service to the School as Chairman, and trust that he remains a friend to us following his retirement, and despite his extensive and prestigious portfolio of continuing responsibilities.

Since taking up my role in February, I have instituted a full-scale review of governance, to ensure that everyone within and outside the School community understands and respects the workings of the institution. As the higher education sector comes under increasing scrutiny, and students rightly demand value for money, it is more important than ever that we are confident in the structures and processes which support the School's core outputs of teaching, research and public engagement.

Meanwhile, the School is concentrating on the priority actions arising from its Strategic Review. In December 2014, superb results of the Research Excellence Framework – the system by which the Higher Education Funding Council for England (HEFCE), on behalf of all the UK's higher education funding councils, assesses the quality of research in publicly funded UK higher education institutions – justified the investments made in research and in recruiting high-quality academics. Hearty thanks and congratulations should go to all academics whose work was so highly rated, and to those within the central administration who I know worked so hard on the School's submission.

The School's academic portfolio continues to develop. Thanks to the generosity and vision of Paul Marshall and Thomas Hughes-Hallett, the School has received £30m to establish the Marshall Institute for Philanthropy and Social Entrepreneurship. We also continue to promote interdisciplinary studies through the creation of the International Inequalities Institute and the further development of the Institute of Global Affairs.

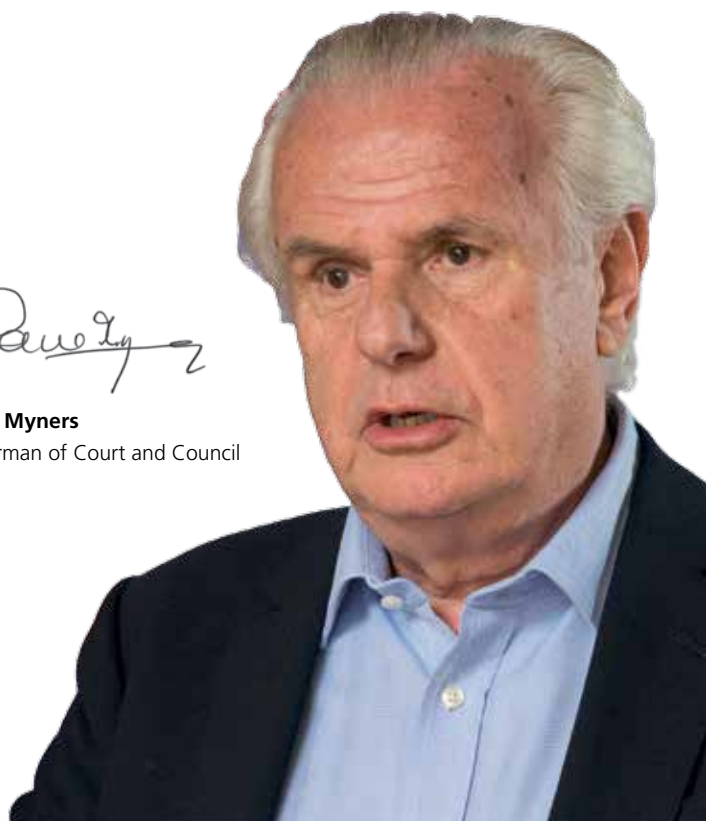
Work has begun on the major project to redevelop the Centre Buildings. It will inevitably mean disruption on campus during the works, and the student experience of LSE during this time may be somewhat strange as a result. However, the project embodies the commitment of the School to providing a first-class campus with facilities commensurate with its standing and its ambition to lead in teaching and learning, and my thanks go to all those in the Estates Division and other areas of the School who have worked so hard on it so far, including on the mitigation of the effects of the construction work.

As ever, the School has put on an enviable programme of public lectures and events, and among other illustrious speakers we welcomed this year were Sergio Mattarella, President of Italy; Nicola Sturgeon, First Minister of Scotland; Kaushik Basu, Senior Vice President and Chief Economist of the World Bank, and LSE alumnus; Joyce Banda, former President of Malawi; Minouche Shafik, Deputy Governor of the Bank of England, and LSE alumna; Professor Muhammed Yunus, economist, founder of the Grameen Bank, Nobel Laureate, and LSE Honorary Graduate; Julia Gillard, former Prime Minister of Australia; and Professor Robert J Shiller, economist and Nobel Laureate.

There is much more that could be celebrated about LSE in the past year, but I must close by offering sincere thanks to my colleagues on the LSE Council for their welcome and support since I took up office. Special thanks to those whose terms of office have come to an end: Tim Frost, Lay Member; and Mahatir Pasha, Student Governor. I am pleased to welcome new members in Dr Susan Liautaud, who joins as second Vice-Chair, and John Hughes, Lay Member, and look forward to working with all colleagues in and beyond Council in the coming year.



Lord Myners
Chairman of Court and Council



REPORT OF THE DIRECTOR OF THE SCHOOL

3

At the top of our agenda for the coming year – and more long term – is our vision to improve substantially the quality of our educational programmes including the overall student experience, and to develop opportunities for the brightest students regardless of their background. This is central to the School's finances, because student fees are our major revenue source. While our research continues to lead the world, we saw a drop in LSE's student satisfaction rating in the latest National Student Survey (NSS), released in August 2015. The challenge to us is to build our research excellence into our teaching at all levels, raising the quality of education we provide to match our academics' research. We intend to address this challenge head on and have prioritised teaching and the student experience in our Strategic Plan.

I am also pleased to report that LSE has confirmed its position as a world-leading research university, with an outstanding performance in the 2014 Research Excellence Framework (REF). An analysis of the results showed LSE at the top, or close to the top, of a number of rankings of research quality. It is the top university in the UK based on the proportion of 'world leading' (4*) research produced and the top university in its social science disciplines. It is also ranked as the top university in the UK for research quality and the top university for impact in its social science disciplines. These are outstanding results, which show that LSE continues to be a leader in research across a significant number of social science and humanities disciplines.

As I write, LSE has also just been ranked second in the world for social sciences for the third consecutive year, according to the latest global university league table. The QS World University Rankings for 2015-16 also sees LSE jumping 36 places from 71st to 35th in the overall ratings and retaining its number one position in the UK for social science, ahead of Oxford and Cambridge. This is an outstanding result for the School,

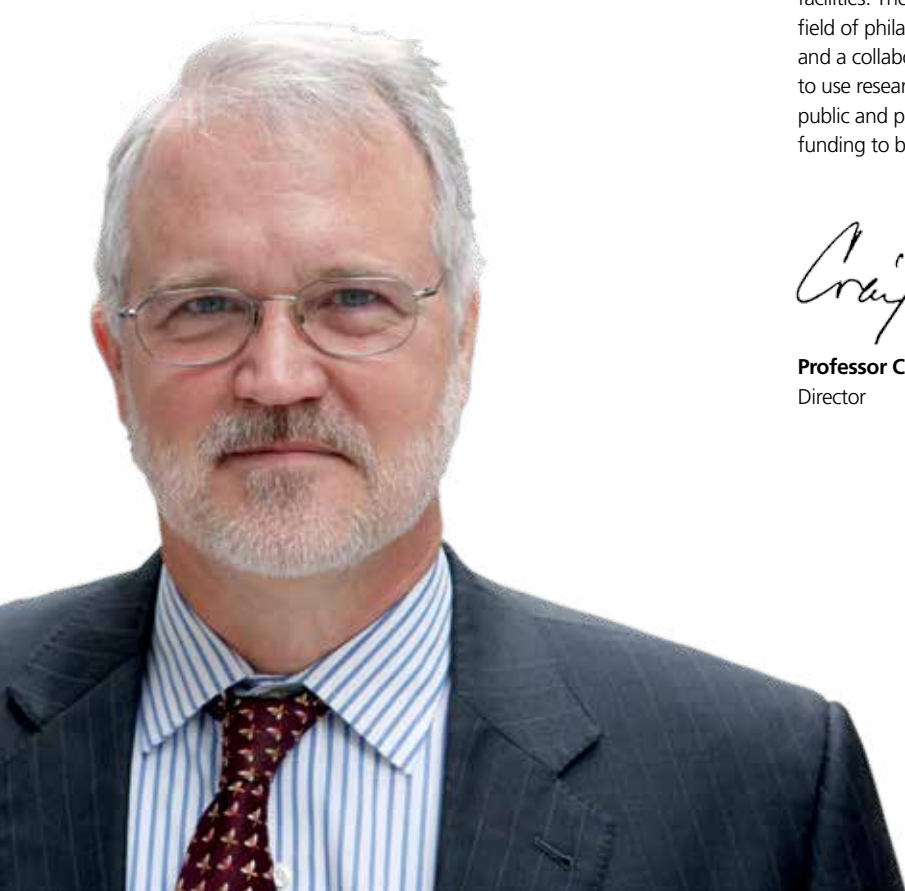
its staff and our students. It reflects both LSE's longstanding leadership in global social science and its continued creativity.

LSE's Centre Building Redevelopment is now underway and will create a state-of-the-art, flexible and highly sustainable academic and teaching building, designed by renowned architects Rogers Stirk Harbour + Partners. Demolition commenced at the end of the Summer term 2015 and the project will be completed in 2018. This is in addition to our recent purchase of 44 Lincoln's Inn Fields, which will be vacant from 2017. We are exploring options for its development and can look forward to a transformed campus.

In other exciting news for LSE, a transformative gift of £30m from philanthropist Paul Marshall will enable LSE to establish the Marshall Institute for Philanthropy and Social Entrepreneurship. The Institute will be dedicated to improving the impact, effectiveness and appeal of philanthropy and social entrepreneurship. The gift, the largest private donation in LSE's history, will support both the programme and its facilities. The Institute will become a leading centre of expertise in the field of philanthropy and social enterprise, providing research, teaching and a collaborative forum to enable current and future leaders in the field to use research-based knowledge that addresses social issues, advances public and private enterprise, informs citizenship, and puts philanthropic funding to best use.



Professor Craig Calhoun
Director



REPORT OF THE DIRECTORS

The following report incorporates a strategic report containing a review of the group's business and a description of the principal risks and uncertainties facing the group.

Our mission

LSE was founded in 1895 to create and share knowledge addressing major social challenges and to shape a better world. The School works through research, education, creative intellectual debate and public engagement. Our mission is to advance knowledge in the social sciences and a range of related fields so as to inform public policy, economic decision-making, and social welfare both nationally and globally. This means nurturing creative thought and intellectual exploration and educating students from all backgrounds and around the world to be critical thinkers and skilled professionals who work for the betterment of society.

Our aims

- **Staff.** Achieve faculty excellence by promoting distinction in scholarship, teaching and research to raise our quality, productivity, and creativity.
- **Teaching.** Provide outstanding education by constantly renewing and improving our teaching programmes and the student experience to give all LSE students a deeper intellectual understanding of their subjects, as well as helping to prepare them for careers and citizenship in a complex world.
- **Students.** Recruit extraordinary students from all backgrounds with the greatest ability, motivation, and potential to benefit from LSE teaching and research.
- **Campus.** Provide an inclusive and stimulating environment, for all students and staff, and actively promote and embrace the rich diversity of our people and worldviews.
- **International reach.** Provide international leadership in research, teaching, and public engagement, by bringing together experts from around the world to advance the global debate and to impact on social, political and economic policy.

- **Real world approach.** Focus distinctively on social science related issues, bringing the best social science knowledge and new intellectual perspectives together from across disciplines to address the world's biggest challenges.

Our Plan

In order to pursue our distinctive mission and continue to enhance our position as the leading, globally recognised, academic centre of excellence in the social sciences we will:

- Substantially improve the quality of our educational programmes including the overall student experience, and develop opportunities for the brightest students regardless of their background.
- Strengthen our commitment to equity, diversity and inclusion and take relevant action throughout the institution.
- Continually improve faculty quality, research performance and intellectual innovation and enhance the quality of our Professional Services staff.
- Lead and to be recognised in leading in international, interdisciplinary, and issue-oriented social science.
- Enhance and diversify our revenue streams.
- Secure an estate and other facilities commensurate with our standing and aspirations.

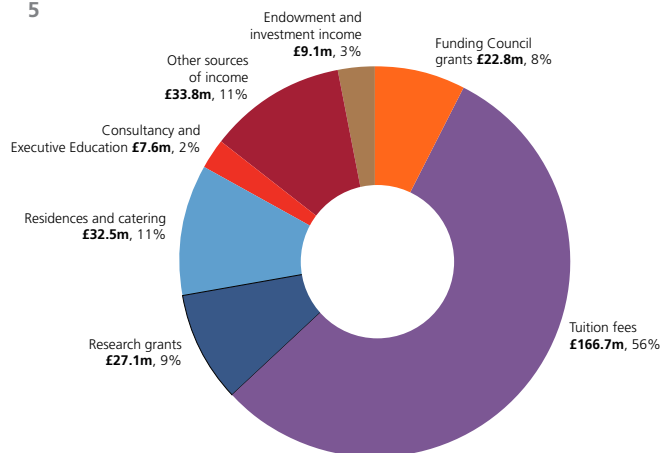
The goal of this strategy is clear: to enable LSE to thrive and to show in the future the brilliance it has exhibited in the past, to achieve the highest intellectual quality, and to contribute to society.

Business review and principal activities

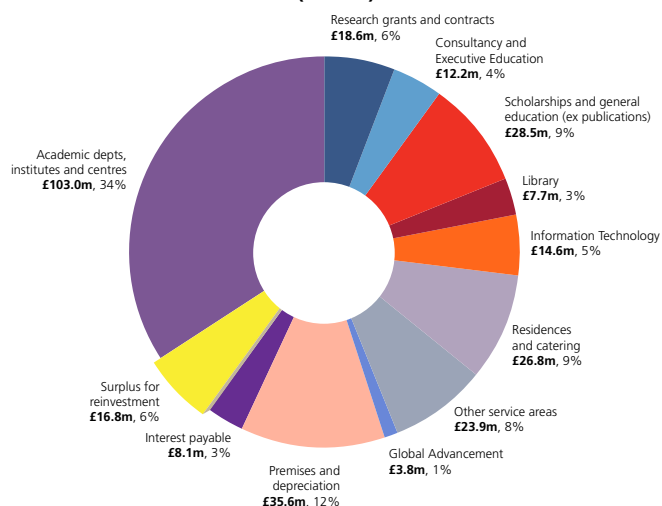
The principal activities of the School in the year under review were higher education, research and related activities. Related activities include consultancy, conferences, public lectures, the provision of catering and accommodation services and the publication of academic journals.



Income – £299.6m



Expenditure (£282.8m) and surplus for reinvestment (£16.8m) – £299.6m



Financial overview

For the financial year ending 31 July 2015 the School achieved a surplus of income over expenditure of £16.8m, equivalent to 5.6 per cent of turnover. Although this was lower than the previous year, that saw a surplus of £18.1m (6.5 per cent of turnover), it was consistent with our plans. Income and operating expenses (before interest and depreciation) grew at similar rates: the fall in surplus is attributable to the full year impact of depreciation on new buildings and a full year of additional borrowing costs.

A combination of strong student recruitment, a significant and sustained contribution from ancillary activities and strong financial management have delivered substantial surpluses in recent years and 2014-15 continues this pattern. Over the past five years, the School achieved an average annual surplus of 8.4 per cent, generating £111.4m surplus.

In June 2015 the School's governing body, Council, approved a Financial Plan that targets a surplus of 5 per cent of total income, something we have achieved every year for the past 13 years. Although this is a relatively blunt measure and does not fully recognise the importance of operating cash movements or the impact of the new higher education Statement of Recommended Practice (SORP), it provides a clear planning framework for a sustainable operation, able to support capital and infrastructure investment and fund loan repayments. The School's ambition is to be and remain a world leader in research and teaching in the social sciences, so the generation of sustainable surpluses is essential to provide the flexibility necessary to invest in the new academic initiatives that this ambition requires.

This year has seen a number of the School's recent investments deliver tangible results: for example, the substantial investment in faculty in the run up to the Research Excellence Framework (REF) contributed to our sector leading position in the recent REF assessment. In October



2014 the multi-award winning Saw Swee Hock Student Centre opened and this financial year ended with the first visible signs of work to redevelop the Centre Building site, a £123.5m investment.

Our ambition to create an estate commensurate with the School's international academic standing and compete with other world class higher educational institutions will continue to take shape as we launch an architectural competition for a design for the new bespoke academic building we plan on the 44 Lincoln's Inn Fields site. We will pay for this development with the proceeds from our private debt placement and the landmark gift of £30.0m from Paul Marshall.

Summary Financial Statement

	2014-15	2013-14	Change	
	£m	£m	£m	%
Funding Council grants	22.8	24.4	-1.6	-6.6%
Tuition fees	166.7	153.3	+13.4	+8.7%
Research grants	27.1	27.0	+0.1	+0.3%
Other income	73.9	68.6	+5.3	+7.7%
Endowment and investment income	9.1	5.8	+3.3	+57.5%
Total income	299.6	279.1	+20.5	+7.3%
Staff costs	157.3	147.2	+10.1	+6.9%
Other operating expenses	107.1	98.5	+8.6	+8.7%
Total operating expenses	264.4	245.7	+18.7	7.6%
Operating surplus before interest costs and depreciation	35.2	33.4	+1.8	+5.4%
Less:				
Depreciation	10.3	8.7	+1.6	+18.4%
Interest payable	8.1	6.6	+1.5	+22.7%
Balance of income for reinvestment (surplus)	16.8	18.1	(1.3)	-7.0%
As a percentage of income	5.6%	6.5%		

Income

Total income grew by 7.3 per cent (2013-14, 6.4 per cent). Tuition fee income increased by 8.7 per cent and represented 55.6 per cent of total income compared to 54.9 per cent in 2013-14 reflecting the impact of the withdrawal of public funding for home and EU undergraduates between 2012 and 2014 and increased home/EU undergraduate fees. From 2014-15 the School has charged its new Home/EU undergraduates the £9,000 fee that has been the norm amongst the rest of the Russell Group of research intensive universities since 2012. After allowing for the impact of inflation and bursaries, this increase nonetheless resulted in a real terms decline in this element of our income.

The School is committed to ensuring the best students are able to study at LSE irrespective of financial circumstances, so it is pleasing to report the total awarded in bursaries and other awards rose by 13.5 per cent in 2014-15 to £17.7m (2013-14 – £15.6m). This is amongst the best levels of support offered in the UK but it will be a significant multi-year task to develop philanthropic support to enable us to offer true "needs blind" admission and close the gap between student loans and grants and living costs for all students.

The School is recognised by the Economic and Social Research Council as a Doctoral Training Centre (DTC). 2014-15 saw the fourth cohort enter, setting a steady state of 131 funded students. Including the new arrivals to the DTC, the School had over 65 per cent of its PhD students fully funded. This funding included a maintenance grant and fees paid from School resources or through external sources such as the Research Councils or philanthropic support.

Funding Council grants

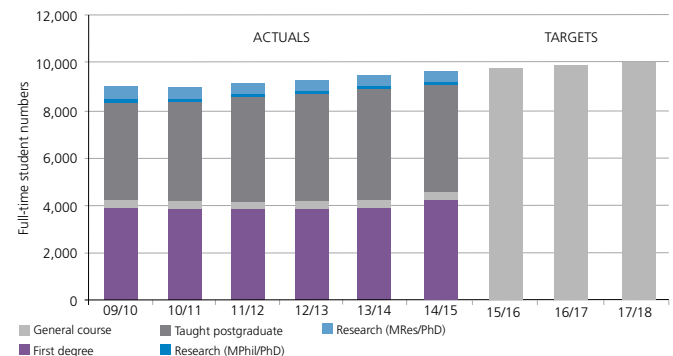
The School receives HEFCE (Higher Education Funding Council for England) grants for teaching, research and capital projects. In total, grant income fell by 6.6 per cent; however, our recurrent teaching grants fell by 10.9 per cent as support for undergraduates is phased out. This was offset by other non-recurrent grants such as the Higher Education Innovation Fund (HEIF), which rose by 42.2 per cent. The largest part of the School's grant was research related: our Quality Related (QR) grant was £16.6m, 18 per cent of our academic department expenditure.

It is interesting to note that the School is a net contributor to public funds. During 2014-15, we received £42.3m in HEFCE grants, Research Council funding and other government funding but through PAYE, national insurance and VAT we paid out £54.0m to government.

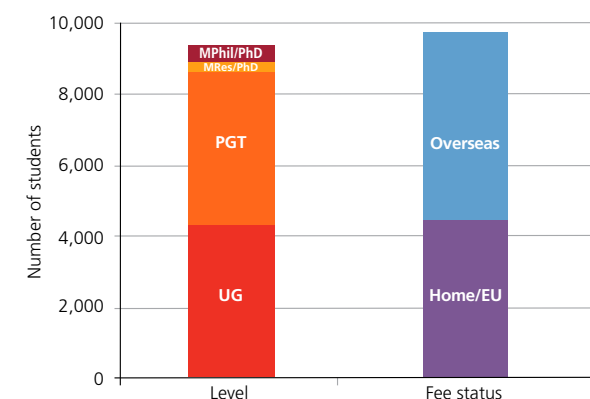
Students in 2014-15

Full time students

Student numbers have grown steadily over the past few years.



Full-time students in 2014-15





Teaching and Student Experience

LSE has a global reputation that few institutions can match. This is built upon its founding mission to study and understand all aspects of social experience, with the aspiration to make the world a better place.

The School has recently announced a new Education Strategy which continues the longstanding tradition of interaction between research, teaching and learning. These three elements are all important and LSE expects the quality of its educational experience for students to be of an equivalent standard to its world-class research performance.

The School has developed three primary objectives to improve the teaching and learning experience:

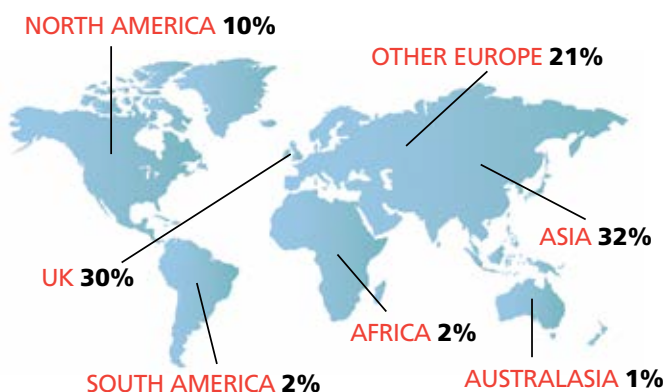
- LSE departments lead in the provision of excellent disciplinary and interdisciplinary education
- LSE graduates are well informed, critical, analytically sophisticated and globally employable
- Students and staff interact to build a dynamic learning community that reflects the School's distinctive identity.

To achieve these objectives, LSE will show a proportionate increase in investment in education and student experience in each of the five years between 2015 and 2020.

The new Education Strategy seeks to deepen and enhance LSE's educational tradition, improve the experience our taught students have while at the School and prepare them for the increasingly complex and challenging world into which they will graduate.

For research students, the LSE launched the PhD Academy in September 2015. Located in the Library, the Academy provides a teaching space for interdisciplinary courses, study spaces and a large common room, all dedicated for use by PhD students.

Full time student by continent in 2014-15



The School recruited 9,560 full time students in 2014-15 compared with 9,392 in 2013-14, current plans are for modest growth to 10,000 full time students over the next few years. When the Centre Building redevelopment is complete, further growth towards 11,000 full time students is planned but the precise mix of additional students has not yet been determined. We are fortunate to be doing this against a background of strong demand for our courses. Most recently, for the 2015 entry we had 11.8 applicants per place at undergraduate level and 4.7 applicants per place at the taught postgraduate level.

From the 2015-16 session, the School will be moving to a new structure of two 11-week teaching terms followed by a seven-week Summer Term. In addition to the benefits this will offer our full time students, this change will enable us to offer a third summer school and satisfy some of the unmet demand for places on these programme.

Part time students

In recent years, the School has developed a substantial portfolio of teaching activities beyond the traditional 1-3 year full time course model. The executive masters programmes, summer schools and programmes run through the University of London International Programme enrolled 44,000 students.

Executive master's programmes

LSE offers a range of executive master's programmes for mid-career to senior level professionals. The programmes benefit from the School's broad academic community and exceptional links externally with policy practitioners. The current portfolio covers behavioural science, diplomacy, management, finance, health economics, law, politics and the internationally recognised TRIUM MBA which is operated in partnership with NYU Stern and HEC Paris. These programmes attracted 580 students in 2014-15, and we plan to increase the number of students and courses offered over the next few years.

Summer Schools

Amongst the most successful of our non-traditional educational activities is our London Summer School programme, which once again saw increased numbers for the two sessions, each of three weeks' duration, that are held in July and August. With 5,176 attending this year, it is the largest university summer school in the UK and is enormously diverse, attracting students from 97 countries. The LSE Summer School means that the campus remains intensively used for a six week period during the summer, with strong demand

for rooms in our residences. In addition to this, a separate Executive School is being developed and this year attracted 315 students.

Two overseas schools also operated during 2014-15, in Beijing and Cape Town with 375 students attending.

International Programme

Under a collaboration agreement, the School participates in the University of London International Programme, which sees our academic material taught under the University of London badge to some 22,000 students around the globe annually. This study leads to the award of a University of London degree via distance learning. The School plays an active role in the direction and quality assurance processes of the programmes in which it is involved.

Research

After a significant increase last year, Research income growth has flattened in 2014-15. The School continues to do well in attracting large-scale funding for research centres but has scope to grow its standard grants portfolio, something the research team will be targeting in the coming year.

The School has been very successful under the EC Horizon 2020 programme, securing 20 new awards with a value of £10.0m. A gap between the end of the Framework Programme 7, which preceded it and new awards means that EU research income has fallen in 2014-15 so the full financial benefits from the EC Horizon success will not be recognised in the accounts until next financial year.

We have also been successful in securing funding of £3.0m from Department for Business, Innovation and Skills for the Centre for Vocational Education Research (CVER) launched in March 2015 by Nick Boles MP, Minister of State for Skills and Equalities.

The School's investment in the Research Excellence Framework (REF) 2014 was rewarded with outstanding results. LSE was placed at the top, or close to the top, of a number of rankings of research quality. The School is:

- Top university based on the proportion of "world leading" (4*) research produced.
- Top university in its social science disciplines, whether using a GPA or the percentage of research receiving the top 4* grade as a measure.
- Second in the UK overall when universities are ranked using a "grade point average" (GPA).
- Second (joint) when universities are ranked according to the percentage of research receiving either a 4* or 3* (internationally excellent) grade.

This was the first occasion where research assessment has taken account of the impact of universities' research on public life, as well as its quality. Using these specific measures, LSE is:

- Top university in the UK for research quality both when using an average score or using the percentage of output receiving the top 4* grade.
- Top university for impact in its social science disciplines, whether judged on GPA or the proportion of research impact awarded 4*.

As a result, the School will receive £18.6m in Quality Related (QR) funding from HEFCE for 2015-16, a 12.1 per cent increase.

Other Income

The School derives significant value from its academic reputation and resources, via a number of additional activities such as the operation of student residences and catering, and consultancy activities. As well as attracting staff and students, these activities make a valuable contribution to the financial health of the School.

LSE Enterprise Limited

The School is keen to apply the social science expertise of LSE academics to researching and resolving issues across as wide a range of policy, social and business areas as possible, and where appropriate to do this on a commercial basis. The company manages consultancy projects and delivers customised executive education programmes to clients from all over the world. During 2014-15 £2.0m was paid to the School through Gift Aid, £1.8m as a contribution to the School's general reserves and £0.2m earmarked for further investment in research.

The International Growth Centre

Other Income includes £6.3m (2013-14 – £8.3m) and Research Grants and Contracts includes £1.3m related to the School's International Growth Centre (IGC) partnership with the Department for International Development (DfID). This partnership promotes sustainable growth in developing countries by providing demand-led policy advice and research. In total, the £51m investment by DfID over four years has enabled the School to establish 15 in-country programmes in 14 countries (Bangladesh, Ethiopia, Ghana, India (Bihar state and Central), Liberia, Mozambique, Myanmar, Pakistan, Rwanda, Sierra Leone, South Sudan, Uganda, Tanzania and Zambia) as well as 10 research programmes spanning topics such as trade, agriculture, macroeconomics and human capital.

Residences

With over 4,000 bed spaces in 12 halls of residence and in University of London halls, the School is able to offer a guaranteed place to all first year undergraduate students and, unlike the numerous commercial providers of student accommodation in London, we can offer 31 week contracts to undergraduate students making our residences far more affordable. We are able to do this by generating income from operating many of our halls on a commercial basis during vacation periods.

The offer of affordable accommodation to our students is central to our recruitment strategy and, through a partnership with Urbanest, we will provide 484 additional beds at Westminster Bridge from September 2015. We aim to add more places in the coming years through a combination of partnership agreements and, where affordable, developing our own halls.

Endowment and investment income

Endowment and Investment income consisted of investment income and capital gains generated from the School's surplus cash and our endowment funds. These funds are held in equity investment pools, term deposits and bond portfolios with maturity profiles matched to our long-range cashflow projections.

The Investment Sub-Committee of our Finance Committee oversees the asset allocation and investment strategy of these pools. The School is

fortunate to be able to draw on the advice and expertise of a number of very experienced investment professionals who, along with academics and a Students' Union representative, comprise the committee. The committee is supported by an external investment consultancy.

Term deposits are held with banks regulated by the FCA or EEA with credit ratings of AA- or better. Our bond portfolios are managed by J P Morgan with the aim of protecting capital and delivering a reasonable return. In light of the timescales involved, low bond yields and construction cost inflation could present risks to the School's capital development plans.

At the end of 2014-15 the School's endowment was valued at £112.9m, a 16.2 per cent increase over the financial year. During 2014-15 the School received £15.2m (2013-14, £11.9m) in support from a combination of new donors and existing pledges, including the first tranche of Paul Marshall's gift of £30.0m. The School's endowments are invested in investment pools or, where the money was given for use in the near-term, it is held in money market deposits.

In 2014-15 the overall investment return after fees was 7.5 per cent (2013-14 – 4.6 per cent) for Growth Portfolio assets, 6.7 per cent (2013-14 – 3.9 per cent) on the FER portfolio and 1.8 per cent on endowments held in cash. This produced an overall return of 6.5 per cent (2013-14, 4.0 per cent).

Expenditure

	2014-15 £m	2013-14 £m	Change £m %	
Staff costs	157.3	147.2	10.1	6.9%
Other operating expenses	107.1	98.5	8.6	8.7%
Depreciation	10.3	8.7	1.6	18.4%
Interest payable	8.1	6.6	1.5	22.7%
Total expenditure	282.8	261.0	21.8	8.3%

Total expenditure grew by 8.3 per cent (2012-13 – 12.9 per cent) with staff costs increasing by 6.9 per cent and other operating expenses by 8.7 per cent.

There was no repeat of the staff cost increases seen in 2013-14 when significant investment was made in our new academic career structure and the recruitment of additional faculty ahead of the 2014 REF. Nevertheless, average staff pay rose by 1.5 per cent, in part a consequence of the competitive global market from which the School recruits.

The depreciation charge increased following the inclusion of the Saw Swee Hock Student Centre which opened during the year and depreciation on IT equipment, an area where the School has been investing.

Interest payable increased as it included the first full year of interest payments on the £125.0m of unsecured loan notes issued in November 2013.

Balance sheet, liquidity and capital expenditure

During 2014-15 the School's net assets grew by 6.3 per cent (2013-14 – 5.6 per cent) to £509.9m, an increase of £52.8m. The School's endowments grew by £15.7m net of expenditure; deferred grants, including the Paul Marshall capital gift, by £21.5m; and general reserves by £16.8m, from the operating activities of the School.

	£m
Redevelopment of Centre Buildings (total project cost £123.5m)	6.8
Library and Women's Library	3.3
Sardinia House refurbishment	2.6
Parish Hall refurbishment	1.3
1 Kingsway refurbishment of leased space	1.2
Queen's House 3rd Floor refurbishment of leased space	1.2
Other additions	0.9
Equipment	1.8
Total capital expenditure	19.1

The redevelopment of the Centre Buildings is now well underway and the demolition of three major buildings at the heart of the Houghton street campus, (East Building, Clare Market and St Clements East) has started. This project will cost £123.5m, funded from School operating cash and the proceeds from the recently raised debt. While this is underway, the School will be working on plans for the redevelopment of the site at 44 Lincoln's Inn Fields. This building, currently the Cancer Research UK laboratories, was acquired in 2013 and, when vacated by CRUK in 2017, will offer the opportunity to construct a purpose-built teaching and research facility at the heart of our campus.

Our location in the centre of London presents challenges when acquiring and developing the estate. Aside from high purchase prices, planning permission can be difficult to secure and require compromise on the design and competitive pressures and limited site access inflate build costs and key sites can become available at short notice. Nevertheless, the School has been successful in building a coherent estate and we remain ready to respond as and when important opportunities, that offer us value, present themselves.

The School's governing body continues to review the School's liquidity on a regular basis and is comfortable that there is ample capacity for increased borrowing in the medium term.

Cash flow

	2014-15 £m
School cash at 1 August 2014	153.9
I & E surplus before transfer to endowment	16.8
Adjustments for non-cash movements included in surplus	8.0
Adjustments for changes in working capital	3.2
Other	0.4
Decrease in prepaid fees	-0.4
Capital grant receipts	6.4
Net increase before capital investment and financing	34.4
Capital expenditure	-19.1
Loan repayments	-1.8
Net School cash movement	13.5
School cash and investment at 31 July 2015	167.4

Day to day operations generated a net cash inflow of £34.4m compared with £36.3m in 2013-14. During the year, surplus cash held to fund capital projects was transferred to a bond portfolio that has maturities aligned with our projected capital expenditures.



Financial planning, sustainability and going concern

At its meeting in June 2015 the Council reviewed the School's forecast financial position and approved a 10-year Financial Plan to 2024 which provides a strategic financial framework for the School. Each term, Finance Committee (a standing committee of the Council) review the current year position and an updated Financial Plan, and report to Council.

The Financial Plan sets a multi-year plan for the overall income and expenditure of the School: it is explicit recognition that key revenue streams such as tuition fees, student recruitment and faculty recruitment take place over a two to three year period and estates investments require a four to five year planning horizon. The Plan reflects a strategy of targeting a surplus equivalent to 5 per cent of total income, something that has been achieved for the last 13 years and incorporates management's plans to address strategic risks.

School-wide budgets are determined by the Finance Committee in accordance with the Financial Plan and any proposals for increases in agreed budgets to support expenditure or investment to take forward our strategic plans will require approval by the Finance Committee. If these investments and their quantified benefits cannot be accommodated within the overall Financial Plan, they will require Council to approve a change to the Plan.

Capital budgets are determined by the Finance Committee as part of the Financial Plan with any items in excess of £1.0m requiring individual Council approval.

Budgets for academic departments are determined by recommendations to the Academic Planning and Resources Committee (APRC) that are informed by a programme of detailed five yearly reviews. Review proposals are considered each year as a package by the APRC, to be funded within the framework of the Financial Plan. Likewise, budgets for professional service areas are set by reference to the Financial Plan with resource distribution adjusted annually, if necessary, by the Budget Review Group. This group comprises members of the APRC, the Director's Management team and Finance Committee members and it works to ensure service priorities align with overall strategy and academic requirements, always mindful that service area expenditure is an indirect cost that has to be recovered through academic endeavour. Alongside this, a programme of five year detailed reviews of professional service areas operates at both an organisational and thematic level to ensure services remain fit for purpose and for the future.

The Audit Committee has reviewed and reported to Council on the management's assessment of strategic risks. The Director of the School has reported to each meeting of Council on major developments in higher education and issues facing the School. The Council has received reports on non-financial indicators, which are of significance to longer-term financial sustainability.

With these processes and assurances, Council is satisfied that the School is operating in a financially sustainable manner and remains a "going concern".

Indicators of financial sustainability

At its away-day in September 2015, Council, the School's governing body, received a range of financial and non-financial indicators to assure itself about the sustainability of the institution. These "context statistics" included both financial indicators similar to those used by

HEFCE in risk evaluation and a wide range of non-financial indicators, including research quality, student demand and student satisfaction data, league table positions, philanthropic donations, staff retention and estates quality measures.

The table overleaf summarises some of the School's actual and forecast financial metrics and other non-financial measures and compares them against the sector.

The data indicates that the School is in a strong position on many measures; however, Council is mindful of the need to mirror the School's success in research across its teaching activities. Many departments deliver teaching to the standard that the School would aspire to, but that is not universal. The School will address this as a strategic priority during 2015-16. What is clear is that continued success depends on excellence in both teaching and research.

The past successes of the School are undeniably impressive, academically and financially, but are no guarantee of future success and there is always the risk that either complacency or the chance of failure inhibits innovation to the longer-term detriment. To continue and build on past success will require innovation and investment, so a strong financial base and sound financial discipline that supports, while critically challenging and reviewing investments is a prerequisite. In this vein, we are investing in new interdisciplinary initiatives and in 2014-15 the Institute of Global Affairs and its associated centres, the International Institute for Inequalities and the Paul Marshall Institute for Philanthropy and Social Entrepreneurship began operations. They will all be seeking philanthropic and research partners to ensure the School's initial investment creates sustainable, interdisciplinary bodies that push the School forward in innovative ways.

There are other risks to financial sustainability that the School is addressing as it develops its strategic thinking for the future.

- More than most institutions, LSE operates in an international context so many of our concerns are outward looking. We remain concerned that issues relating to the UK Border Agency and student visas will deter students and create additional barriers to recruiting the best faculty from overseas. We are acutely aware of increasingly strong overseas competition, and more locally, the emergence of private providers.
- In the run up to the 2014 REF census date, competition for staff was strong and although this trigger for competition has passed, we continue to face serious competition to recruit and retain our best faculty. Therefore, the challenge remains to ensure we have an effective reward policy to attract new talent and retain existing faculty, while ensuring long-term affordability.
- The School no longer receives significant public funding for teaching and, while tremendous success was achieved in the REF, there are no guarantees that the real value of research funding will be maintained in future years. Already, Research Council funding does not meet the full economic costs of conducting the research it funds. The School is addressing this through the diversification of its revenue streams and more focused investment in fundraising. There is no reason why the School should not aim to achieve the levels of success in fundraising achieved by Oxford, Cambridge and some other UK universities.
- Finally, while steps have been taken by the trustees to improve the long-term sustainability of the USS pension scheme, we are concerned that what is now available to our faculty is not sufficiently flexible following recent changes to the taxation arrangements for pension schemes and the international profile of the School's faculty.

League table measures

		2014-15 Actual	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
International comparisons	THE World University Rankings	23	34	32	39	47
	THE World Reputation Rankings	22	24	25	29	37
	QS World Rankings	35	71	68	69	64
National comparisons	National Student Experience Poll	99	92	72	85	92
	National Student Survey (Question 22)	81%	83%	88%	85%	84%
	<i>The Times/Sunday Times</i> University Guide	9	5	3	3	3
	<i>Guardian</i> University Guide	13	7	3	3	4
	Complete University Guide	3	3	3	2	4

Research and teaching measures

	2014-15 Actual	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
Year to year growth in research grant income	0.3%	13.9%	4.6%	-5.7%	0.9%
Research contract and QR income per academic FTE (career track)	£78,079	£78,299	£76,567	£75,439	£78,137
Average fee income per full-time student	£14,856	£14,086	£13,359	£11,792	£10,901

Financial measures

		2014-15 Actual	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
Historical cost surplus as a percentage of total income	LSE	5.6	6.5	11.6	10.1	9.1
	Sector mean		5.0	5.0	4.8	5.7
	Upper quartile		7.6	7.3	7.8	8.7
Staff costs as a percentage of total income	LSE	52.5	52.7	49.7	51.6	51.9
	Sector mean		52.6	52.4	52.6	53.0
	Upper quartile		55.6	55.8	55.9	56.1
Net liquidity/(total expenditure – depreciation)/days	LSE	50	223	164	150	63
	Sector mean		122	123	117	109
	Upper quartile		167	170	157	155
External borrowing (on balance sheet) as a percentage of total income	LSE	49.8	54.1	10.6	12.2	13.5
	Sector mean		26.2	25.8	23.6	21.4
	Upper quartile		34.4	34.7	34.5	34.6
Discretionary reserves (excl. pension asset/(liability) as a percentage of total income	LSE	116.6	114.5	113.8	108.2	102.2
	Sector mean		64.4	61.7	58.0	51.2
	Upper quartile		83.0	79.8	74.5	66.3
Net cash flow as a percentage of total income	LSE	9.0	11.4	16.5	20.4	5.4
	Sector mean		8.4	8.3	8.1	9.2
	Upper quartile		12.9	12.9	11.6	13.7

Estate measures

		2014-15 Actual	2013-14 Actual	2012-13 Actual	2011-12 Actual	2010-11 Actual
Income per square metre (Income excluding Residences. Space: GIA)		£2,127	£1,975	£1,861	£1,896	£1,639
Academic estate	Category A	27%	21%	12%	13%	11%
	Category B	48%	43%	52%	47%	51%
	Category C	25%	36%	36%	40%	38%

Public benefit

We have reviewed the activities of the School for the year 2014-15 with regard to obligations under section four of the Charities Act 2011 and the Charity Commission's guidance on public benefit.

In this section, we set out some of the many ways in which the School delivers public benefit. The objectives of the School are set out in our Memorandum and Articles of Association. The public benefit objectives include education and research, but the School's ambitions go significantly beyond the intrinsic benefits of those activities. Since its foundation, LSE has sought to apply teaching and research to improve society, and that goal remains unchanged today, except that the School's global reach is greater than ever.

Our beneficiaries

The beneficiaries of LSE activities include students who benefit from their education at LSE, academia as a whole which benefits from research, and broader society which benefits from both, with well-educated graduates contributing to academia, the professions, public service, commerce and industry, and society in many fields, and our research influencing public policy for the good of society.

Widening participation and raising aspiration

At LSE we believe that all school and college students should have the opportunity to go on to higher education regardless of their background, and that it is our social responsibility to encourage and support them in exploring their options and making decisions about their future. We have always sought to recruit the best students, irrespective of socio-economic background, though we recognise that limited endowment funding constrains our ability to offer "needs blind" admission to overseas students.

LSE works with schools and colleges in the UK and offers a range of activities aimed at pupils, their teachers/advisors, and adult learners. These programmes are free for schools and colleges, being fully funded by LSE and through the generous support of private donors. These initiatives include the following:

Visits to schools and colleges – LSE works with schools and colleges in order to provide bespoke sessions to raise awareness of higher education, to raise aspirations and motivate students. Popular topics include: thinking about and choosing your university; the UCAS application process; student finance and budgeting; student life; applying to and studying at LSE; and personal statement workshops.

LSE Choice – LSE's flagship widening participation enrichment programme for students in Years 12 and 13. Held at LSE's Campus, this programme works intensively with a cohort of up to 180 students each year to provide stretching academic input and the tools for successful application to LSE and other Russell Group universities.

Moving On – aims to ease pupils' transition from primary to secondary school by showing that change happens throughout life and can be a positive experience. It also serves as an opportunity to familiarise young people with higher education. It includes activities to promote independence and resilience, takes in a campus tour and culminates in a "graduation ceremony".

Student tutoring – LSE students work in schools, under the supervision of teachers, to help pupils with their academic work. Tutoring usually involves LSE students tutoring for approximately an

hour per week at a school or college for a nine-week period, working with pupils on a one-to-one or small group basis. The scheme benefits both the school children (in Years 6 to 12) and our undergraduate and postgraduate students who gain important work experience and take part in a valuable community programme.

Other examples of our outreach work with schools and colleges, most of which are supported by current LSE students working with staff, include:

- The LSE Mentoring Scheme – aims inter alia to help mentees to improve their performance in key stage assessments and at GCSE and A Level
- Introduction to Social Sciences – a one-day programme aimed at Year 8 pupils to support their GCSE choices
- Promoting Potential – the Programme, comprising a three-day Spring School and two further top-up days, provides opportunities for African-Caribbean boys from state secondary schools to learn about the range of subjects available to them at university. The programme also allows participants to develop key skills including research, networking and debating
- The Black Achievement Conference – held during Black History Month, this event for pupils in Years 10-12 and their parents/carers highlights some of the positive achievements in the black community. It focuses on inspiring children to "aim high" and make informed choices to reach their potential when planning for their future
- Aiming for a College Education (ACE) and ACE High Days – preparing for university life
- Year 11 Summer School – a social sciences Summer School providing students with the opportunity to experience some of the subjects available at LSE including Economics, History, Sociology, Government and Law
- Pathways to Law (London), delivered in partnership with University College London, The Legal Education Foundation (formerly The College of Law) and The Sutton Trust
- Alison Wetherfield Law Programme – now into its second year, this law programme comprises specialist law master classes and a national conference for students in Years 12 and 13
- The Politics Conference
- BSc Management Taster Day
- Student shadowing
- Open days
- Public lectures
- Advising the Advisors Conference (information and guidance for teachers)
- Routes into Languages
- LSE FOCUS – a newsletter for schools and colleges; and
- Email an Alum – first-hand advice from graduates on what to expect at LSE and where an LSE education might lead

Financial support

LSE is committed to ensuring that students from all social and economic backgrounds continue to apply to the School and that no-one is deterred from doing so because of financial considerations.



World Leader in Research

LSE's position as a leader in research was reaffirmed with an outstanding performance in the 2014 Research Excellence Framework (REF) – the comprehensive review of research quality in all UK universities. The assessment rated the School as the top university in the country for its proportion of “world leading” research. In total 50 per cent of our submissions were given the 4* (“world leading”) rating, with a further 37 per cent rated as 3* (“internationally excellent”). LSE was also ranked second when using an average of all results.

At the departmental level, Media and Communications, European Institute and the combined entry of Management, Accounting and Finance were all ranked top in the UK, based on a grade point average of research scores, and Law and Economics came top when staff submission rates are taken into account. The departments of International Development, Social Policy, Media and Communications and Government and International Relations were all ranked first for research which was rated as “world leading” or “internationally excellent”.

The 2014 REF was also the first national research assessment which also took into account the wider impact of universities' research. Again, we performed exceptionally well in this area, being rated as the top university for impact in the social science disciplines.

To coincide with the publication of the REF, the School launched its first ever impact website, using accessible summaries, videos and animations to showcase how research across LSE departments has positively influenced businesses, governments and wider society. From understanding the causes of social unrest to improving mental health services; from making cities more liveable to better prediction of the weather, LSE research continues to make a real difference around the world.

A Global University in the Heart of London

Although based in the heart of London – equally close to Parliament and the City - LSE is a truly global university. Approximately two-thirds of students reside overseas, coming here to study from over 140 countries worldwide. Likewise, we have a network of more than 125,000 alumni in over 190 countries.

The School attracts top talent from around the globe, with nearly half of all staff coming from outside the UK. The School recently saw one of its biggest international recruitment drives; in just over a year more than 80 members of academic staff joined LSE from leading universities around the world.

In addition to the cosmopolitan faculty and students, LSE has academic links to a number of high-quality overseas universities. The School has particularly strong ties to Columbia University, UC Berkeley, Peking University, University of Cape Town, Sciences Po and the National University of Singapore – operating double degrees, PhD student exchanges and summer school programmes.

Tuition fees are top-sliced to provide a generous scholarships budget with schemes in place to fund undergraduates and postgraduates.

The School's Access Agreement for 2015 continues to build on past success, committing half of the additional fee income created by the introduction of variable fees (for UK and other EU undergraduates) in 2006, to be used for undergraduate bursaries, outreach and on-course support. The bursaries are available for all students in receipt of a full or partial maintenance grant and do not have to be repaid.

Overseas undergraduates and taught postgraduates from all backgrounds are able to access additional School schemes, which provide awards with a range of values assessed on need. There is a separate extensive scheme for PhD students.

In addition, the School has a range of scholarships funded by external donors and foundations, which again support study at all levels.

On-course financial help is available, in the form of the School's Student Support Fund. This fund was spent in full in 2014-15, owing to the School's ongoing commitment to support PhD students in their writing-up period, and to its deployment in cases previously served by the Government's Access to Learning Scheme.

Public Events

The School's location in central London and our close links with Westminster, Whitehall and the City help to maintain our reputation as the place where the world comes to debate. Everyone is welcome to attend LSE's public events, where some of the most influential figures in the social sciences and public life can be heard.

LSE's Public Events programme includes lectures, debates, discussions and concerts. In order to maximise the opportunity for those outside

of London and overseas to benefit from the programme, many were also made available online by video or podcast, with debate being sustained through social networking and syndication via sites such as Twitter, Facebook, RSS, Atom, iTunesU, Soundcloud, YouTube, etc. In 2014-15, there were 11.4 million views of the School's rich media offerings via video and audio podcasts.

Arts and LSE's 120th anniversary

LSE has an "open" campus in the heart of London, generously furnished with an interesting range of sculptures and installations for all to enjoy. Access to LSE's public art was enhanced in 2014-15 by the sculptures' inclusion in StatueFindr, an app providing a guide to public works of art in Westminster. The School provides a range of other art and entertainment programmes which are free of charge and open to all. These include exhibitions, music concerts, online photographic galleries, and our popular annual "Space for Thought" Literary Festival, which this year attracted speakers including award-winning authors Elif Shafak, Will Self and Ali Smith, as well as Palestinian writer and human rights activist Raja Shehadeh, prominent philosopher John Gray and best-selling classicist Tom Holland.

LSE opened its doors to students for the first time on 10 October 1895. The LSE 120th anniversary programme aims to raise awareness of the School's history and heritage among students, staff, alumni and the general public. Anniversary activities include an online history timeline and in-depth blog articles, a pop up history exhibition at LSE events and campus history tours.

Volunteering

The School has a strong tradition of social awareness and engaging with the wider community. LSE supports such efforts through its dedicated

Global Nature of Scholarships

LSE is grateful to alumni and friends around the world whose generous philanthropic scholarships support its commitment to widening participation and ensuring the School's intellectual fabric is enriched by a diverse student body.

In addition to a number of scholarship programmes funded by donors who enable underprivileged students from the UK to benefit from an LSE education, in 2014-15 significant scholarship awards helped some of the brightest young minds from around the world to realise their potential at the School.

The Programme for African Leadership (PfAL) scholarship supported 17 African students at LSE in 2014-15. They were drawn from five African countries – Uganda, Ghana, Kenya, Zimbabwe and Nigeria – and are studying either MSc Development Management or MSc International Development and Humanitarian Emergencies. The PfAL programme requires significant philanthropic investment and is made possible by the astounding generosity of Firoz Lalji (BSc Economics 1969) and Najma Lalji, and Ursula van Almsick (DBS Industrial Relations 1981).

Students from Asia also benefit from scholarships that help them to access an LSE education. The Lee Family Scholarship – an endowed scholarship – supported one MSc student in 2014/15 from China, and this will be increased to two students in 2015-16. Meanwhile, The Singapore LSE Trust Scholarship supported seven scholars in 2014-15 in their undergraduate studies, all from Singapore. The scholarship helps young people at different stages of their undergraduate degree: three first-year, two second-year and two third-year students benefited.

The Kadas Scholarship supported eight European students from six different countries – Slovakia, Hungary, Czech Republic, Ukraine, Poland and Montenegro – in their undergraduate studies, again split across the three years of undergraduate study.

Volunteer Centre. In 2014-15, the Centre saw a huge amount of interest from students who wanted to get involved in volunteering and our research shows that over 42 per cent of them do during their time at LSE. LSE students complete a range of roles including mentoring, campaigning, fundraising, marketing, research and many more. The Volunteer Centre has been able to help fund student-led projects, worked with over 350 charities to help them recruit volunteers, invited over 70 charities onto campus for volunteering fairs, panels and other events and host an event to celebrate the commitment of LSE students to volunteering and fundraising.

Students' feedback indicates that when they volunteer their skills improve, they are more likely to feel part of the university, and more likely to feel that they are making a difference in their communities. We are proud to be making a difference, both to the students and to those reached by their volunteering.

Library

LSE Library is one of the largest social sciences libraries in Europe, with designated status from Arts Council England, and unusually amongst university libraries, it is open to members of the public who need to use its collections. Over the past year, the Library has opened a new exhibitions gallery at the entrance to the building. This state-of-the-art facility includes a striking video wall and two specially made display cases, which give the capacity to present and interpret key items from our historic collections to the public. The inaugural exhibition in this space was on the theme, "Campaigning: causes and connections", and enabled us to draw together material from a range of collections to examine common aspects of three of the most significant campaigning movements of the last 150 years: those for the vote, for peace, and for gay and women's liberation.

We have also loaned items from the collections for exhibitions at other institutions including the National Portrait Gallery, the Hayward Gallery, the Design Museum and the Jewish Museum. This year the Library has also established a dedicated outreach post to build on our existing work with schools and to develop an education and outreach programme that broadens the range of external groups who use and can benefit from our archives and special collections. We have continued to support LSE's Widening Participation programmes, hosting visits, tours, and training for hundreds of school-aged students interested in pursuing higher education.

Research

The School prides itself on a policy of engagement and the provision of research which seeks to address the burning issues of the day and influence public policy. The work of many of our research centres and academic departments has direct relevance to our charitable aims and the delivery of public benefit. A few examples include the following:

The prevention and relief of poverty: the International Growth Centre, Asia Research Centre, the Centre for the Analysis of Social Exclusion, the Centre for Economic Performance, and the Department for International Development.

The advancement of health or the saving of lives: LSE Health and Social Care, and the Centre for Human Rights.

The advancement of citizenship or community development: LSE Cities, the Spatial Economics Research Centre, the Centre for the Analysis of Social Exclusion, the Marshall Institute for Philanthropy and Social Entrepreneurship, and the International Inequalities Institute.

The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity: the Centre for Human Rights; Diplomacy and Strategy (IDEAS); the

Department of International Relations, the Department of Government, the Gender Institute, the Crisis States Research Network, the Middle East Research Centre, and the Centre for Women, Peace and Security.

The advancement of environmental protection or improvement: Grantham Research Centre, Centre for Climate Change Economics and Policy, Department of Geography and the Environment.

The relief of those in need, by reason of youth, age, ill health, disability, financial hardship or other disadvantage: the Centre for the Analysis of Social Exclusion, LSE Health and Social Care, the Department of International Development, the International Growth Centre, the Centre for Economic Performance, and the Suntory and Toyota International Centre for Economics and Related Disciplines.

Research that has hit the headlines in the past year includes:

- A study by Dr Mauricio Avendano of depression among older Europeans found that joining a religious organisation is more beneficial than charity work, sport or education in improving their mental health;
- New research by Rosalind Arden published in the International Journal of Epidemiology demonstrated a link between intelligence and longevity;
- An LSE study looking at the relationship between parents and their adult children returning to live at home after university revealed mixed experiences, not all of them positive;
- A report from LSE's Centre for Economic Performance showed that inequality of pre- and post- tax income has risen remarkably in the UK since the late 1970s;
- A study authored by Stephen Machin showed that since the global financial crisis, living standards for pensioners have risen while young workers faced the "double whammy" of falls in real wages and rises in unemployment;
- Research by Professor John Hills found that people in their twenties have been worst affected by the economic crisis despite higher qualifications than any earlier generation;
- LSE Professor of Demography Mykko Myrskylä showed that the birth of a third child does not bring the same level of happiness as the births of the first and second child;
- Research by the PSSRU revealed that perinatal mental health problems cost the UK £8.1 billion each year;
- Another PSSRU report showed the cost of dementia to the UK has hit £26 billion a year – enough to pay the energy bills of every household in the country.

In June 2015, the Institute of Public Affairs (IPA) completed a two-year trailblazing project to crowd-source a UK constitution, coinciding with the 800th anniversary of the Magna Carta. The democratic exercise brought together thousands of opinions and debate from all corners of the country, resulting in a "people's constitution". It culminated in a constitutional convention in April 2015, at which the top 20 contributors to an online platform were invited to draft the final document.

Thank you

We would like to thank the many generous donors and sponsors, without whom LSE's public benefit activities would not be sustainable at their current scale. The School is indebted to the enthusiasm and engagement of members of the LSE Council, who receive no remuneration for their services as charity trustees.

The School is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 2010. 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 is incorporated under the Companies Act as a company limited by guarantee.

The following accounting policies have been applied consistently across the financial statements set out on pages 20 to 38.

(a) Basis of accounting

The consolidated financial statements have been prepared on the historical cost basis of accounting as modified by the revaluation of investments and in accordance with applicable United Kingdom Accounting Standards. The consolidated financial statements include the School and all its subsidiaries for the financial year to 31 July. Intra-group sales and profits are eliminated fully on consolidation.

(b) Format of the accounts

The accounts are prepared to conform to the Companies Act 2006 and also with the Statement of Recommended Accounting Practice (SORP): Accounting for Further and Higher Education dated July 2007.

(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 10.

The consolidated income and expenditure account includes the School's share of the income and expenditure of associated undertakings and joint ventures, while the consolidated balance sheet includes investment in associated undertakings and joint ventures as the School's share of their net tangible assets.

Associated undertakings are those in which the School has a significant, but not dominant, influence over their commercial and financial policy decisions. Joint ventures represent investments in which the School has joint control.

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 of teaching and research, and also includes restricted income to the extent that expenditure has been incurred.

The School receives partial exemption in respect of Value Added Tax, and is unable to recover the majority of VAT paid to suppliers.

(e) Income recognition

Funding Council grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income expenditure account in the year of registration. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure.

Summer School income and teaching costs are apportioned between financial years on the basis of teaching days. The School's share of surplus from the participation in the University of London International Programme is recognised on an accrual basis.

Recurrent income from grants, contracts and other services rendered is accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. The grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset at the same rate as depreciation is charged on the asset for which the grant was awarded.

Income from donations, research grants and contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers against the order received or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Increases or decreases in value arising on the revaluation or disposal of endowment assets are added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and crediting or debiting the endowment fund and reported in the statement of total recognised gains and losses.

(f) Land and buildings

Land and buildings are capitalised in the School's balance sheet at historical cost.

The Finance Committee have reviewed the useful lives of the School's buildings and the depreciation policy is based on this.

Freehold land, separately identified since 2005, is not depreciated. Freehold buildings are depreciated over the remainder of their useful economic lives which range between five and 75 years.

Where applicable, freehold buildings are depreciated by components as follows:

Building – 75 years

Roof – 25 years

Mechanical Services – 15 years

Lifts – 10 years

Leasehold buildings are depreciated over the period of the lease. Costs incurred in relation to buildings after their initial acquisition are capitalised only to the extent that they increase expected future benefit. The costs of such enhancements are depreciated over the remaining life of the asset.

Capital projects which are still under construction and buildings held for redevelopment are capitalised but not depreciated. An annual review for impairment of fixed assets is carried out by the Finance Committee to determine whether events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. No impairment has been charged to the 2014-15 accounts.

(g) Heritage Assets

Works of art and other valuable artefacts that generate future value through their cultural or scientific significance are capitalised and recognised in the balance sheets at cost of the acquisition.

(h) Equipment

Equipment, including computers and software, costing less than £30,000 per individual item or group of related items is expensed 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 three and ten years.

(i) Operating leases

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

(j) Stock

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

(k) Investments

Listed investments are stated at their market value on the balance sheet date. Unlisted investments, including investment in subsidiary companies, are stated at the lower of cost or valuation. Bonds that are held to maturity are stated at amortised costs. Investments held on behalf of endowment funds are included in endowment assets in the balance sheets at market value.



(l) Joint venture entities and associates

The School's share of income and expenditure in joint venture entities is recognised in the institution's income and expenditure account in accordance with Financial Reporting Standard 9. Similarly the institution's share of assets and liabilities in associate entities is recognised in the institution's balance sheet in accordance with Financial Reporting Standard 9.

In accordance with Financial Reporting Standard 9 the gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method entities.

(m) Provisions

Provisions are recognised when the School has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(n) Foreign currency

Transactions denominated in Euros and other foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are recognised as part of income and expenditure.

(o) Pensions

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefits schemes and are separately funded and contracted out of the State Second Pension (S2P) Scheme. The assets of the schemes are held in separate trustee-administered funds. The School is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reliable basis and, therefore, accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes during the year.

A provision has been made in respect of pension enhancements payable to staff who have retired under the previous superannuation scheme for academic and related staff, FSSU.

(p) Charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received.

Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment.

There are two main types:

- 1 Restricted expendable endowments – the capital may be used in addition to the income for the objective specified by the donor.
- 2 Restricted permanent endowments – the capital fund is maintained but the income can be used for the objective specified by the donor.

Donations for tangible fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as deferred capital grants. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

(q) Financial instruments

The School uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a variable rate to a fixed rate. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods or the contracts.

(r) Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, net of overdraft, and deposits repayable on demand. 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 including term deposits.

(s) Agency arrangement

Funds which the School receives and disburses as paying agent on behalf of the Funding Council or other body, where the School has no beneficial interest in the funds, are excluded from the income and expenditure account.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Company registration no 70527

	NOTES	Group 2014-15 £'000	Group 2013-14 £'000
INCOME			
Funding body grants	1	22,810	24,429
Tuition fees and education contracts	2	166,663	153,292
Research grants and contracts	3	27,124	27,038
Other income	4	73,856	68,566
Endowment and investment income	5	9,119	5,791
Total income		299,572	279,116
EXPENDITURE			
Staff costs	6	157,268	147,175
Other operating expenses	7	107,107	98,539
Depreciation		10,246	8,748
Interest and finance costs	8	8,144	6,584
Total expenditure		282,765	261,046
Surplus on continuing operations after depreciation of tangible fixed assets at cost and before tax		16,807	18,070
Surplus on continuing operations after depreciation of tangible fixed assets at cost and after tax		16,807	18,070
Surplus for the year retained within general reserve	20	16,807	18,070

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

As permitted by Section 408 of the Companies Act 2006, 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 £16,807,000, a surplus of £16,854,000 was made by the Company.

There is no note of historical cost surpluses and deficits as the reported surplus has been calculated on the historical basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

21

	NOTES	Group 2014-15 £'000	Group 2013-14 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at cost and tax		16,807	18,070
New endowments	19	18,190	8,768
Endowment income retained in the year	19	(6,906)	(6,493)
Appreciation of endowment asset investments	19	4,423	2,299
Total recognised gains and losses relating to the year		32,514	22,644
Reconciliation of movement in reserves and endowments			
Opening reserves and endowments		362,000	339,356
Total recognised gains and losses for the year		32,514	22,644
Closing reserves and endowments		394,514	362,000

BALANCE SHEETS

		Group 2015	School 2015	Group 2014	School 2014
	NOTES	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9	422,067	421,588	413,182	412,678
Group undertakings	10	–	150	–	150
Investments	11	139,105	139,031	11,711	11,591
		561,172	560,769	424,893	424,419
Endowment assets					
	12	112,927	112,927	97,220	97,220
Current assets					
Stock		104	104	124	124
Debtors	13	36,414	37,774	18,293	20,146
Cash at bank and in hand	14	12,162	10,022	5,734	3,068
Bank deposits	14	27,982	27,982	148,214	148,214
		76,662	75,882	172,365	171,551
Less creditors: amounts falling due within one year	15	(92,234)	(91,124)	(86,618)	(85,450)
Net current (liabilities)/assets		(15,572)	(15,242)	85,747	86,101
Total assets less current liabilities		658,527	658,454	607,860	607,741
Creditors: amounts falling due after more than one year		(148,486)	(148,486)	(150,617)	(150,617)
Pension provision	17	(105)	(105)	(133)	(133)
Net Assets		509,936	509,863	457,110	456,990
Deferred capital grants					
	18	115,422	115,422	95,110	95,110
Endowment funds					
Expendable	19	67,721	67,721	54,743	54,743
Permanent	19	45,206	45,206	42,477	42,477
		112,927	112,927	97,220	97,220
Reserves					
General reserve	20	281,587	281,514	264,780	264,660
Total funds		509,936	509,863	457,110	456,990

The financial statements on pages 20 to 39 were approved by the Council on 24 November 2015 and were signed on its behalf by:



Dr Susan Liautaud
Vice Chairman of Court and Council



Professor Craig Calhoun
Director

CONSOLIDATED CASH FLOW STATEMENT

	NOTES	2014-15 £'000	2013-14 £'000
Net cash inflow from operating activities	21	26,991	31,692
Returns on investments and servicing of finance			
Income received from endowments		6,550	5,422
Other interest received		2,569	369
Interest paid		(8,144)	(5,402)
		975	389
Capital expenditure and financial investment			
Payments to acquire fixed assets		(19,131)	(95,010)
Net movement in investment assets		(127,005)	(1,098)
Net movement in endowment assets		458	(1,058)
Deferred capital grant		6,554	3,981
Endowment transfers		(845)	2,469
		(139,969)	(90,716)
Financing			
Loan repayments		(1,800)	(1,800)
Notes payable		–	125,000
(Decrease)/increase in cash in the year		(113,803)	64,565
Reconciliation of net cash flow to movements in net funds/debt			
(Decrease)/Increase in cash in the year		(113,803)	64,565
Changes in net debt resulting from cash flows		1,800	(123,200)
Movements in net debt in year		(112,003)	(58,635)
Net funds at start of year		2,848	61,483
Net funds at end of year	22	(109,155)	2,848

NOTES TO THE FINANCIAL STATEMENTS

1 FUNDING BODY GRANTS	NOTES	2014-15 £'000	2013-14 £'000
From HEFCE			
Block recurrent		18,724	21,013
Higher Education Innovations Fund		2,505	1,767
Other specific grants		97	146
Deferred capital grants released in year	18	1,417	1,359
Total HEFCE		22,743	24,285
Joint Information Systems Committee and other grants		67	144
		<u>22,810</u>	<u>24,429</u>

2 TUITION FEES AND EDUCATION CONTRACTS

Tuition fees:			
Home/EU students		53,627	47,179
Overseas students		89,943	86,768
Short courses		22,633	19,094
Examination and other fees		460	251
		<u>166,663</u>	<u>153,292</u>

3 RESEARCH GRANTS AND CONTRACTS

Research Councils		7,229	6,246
Government departments		3,980	4,108
Charities		1,178	1,082
European Commission and other EU based funders		6,875	7,929
Other outside bodies		5,374	4,959
Specific endowments	5	2,488	2,715
		<u>27,124</u>	<u>27,038</u>

£2.5m (2013-14: £2.7m) research activities were funded by specific endowments and recognised as research income.

4 OTHER INCOME	NOTES	2014-15 £'000	2013-14 £'000
Residences and catering		35,679	34,754
Academic department income attributable to other activities		1,834	704
Release of deferred capital donations	18	718	627
University of London International Programmes (ULIP)		10,727	10,269
Consultancy services and executive education (LSE Enterprise Limited)		7,595	7,380
Other services rendered		11,967	12,734
VAT recovery		1,311	66
Staff and student facilities		660	744
Sundry		3,365	1,288
		73,856	68,566

5 ENDOWMENT TRANSFERS AND INVESTMENT INCOME

Transfers from endowment to income and expenditure – expendable endowments		7,964	7,162
Transfers from endowment to income and expenditure – permanent endowments		1,074	975
Total transfers from endowments	19	9,038	8,137
Research grants and contracts funded by endowments (included in note 3)			
Expendable endowments		(1,978)	(2,222)
Permanent endowments		(510)	(493)
	3	(2,488)	(2,715)
Investment of general funds			
Interest and dividends receivable		2,569	369
		9,119	5,791

£2.1m (2013-14: £2.0m) of transfers from endowments was generated by income from underlying investments.

6 STAFF COSTS	2014-15 £'000	2013-14 £'000
Total staff costs for the year were:		
Wages and salaries	129,777	121,705
Social security costs	11,247	10,584
Other pension costs	16,244	14,886
	157,268	147,175

The monthly average number of persons employed by the School during the year expressed as full-time equivalents was:	2014-15 Number	2013-14 Number
Research and Teaching	1,147	1,087
Operational Services	1,283	1,224
Subsidiaries	26	21
	2,456	2,332

HIGHER PAID EMPLOYEES AND REMUNERATION	2014-15 £'000	2013-14 £'000
Directors		
Emoluments (2014-15 – 10 Directors; 2013-14 – 8 Directors)	1,389	1,020
Emoluments as Director of the School		
Salary	312	307
Performance related bonuses	–	20
Taxable benefits in kind	19	18
	331	345
Employer's pension contributions	50	49
	381	394

Salaries are stated at gross, before deductions of pension contributions made under the salary sacrifice scheme. All directors making pension contributions joined the pension salary sacrifice scheme.

Taxable benefits in kind associated with the subsidised accommodation occupied by the Director was included in the above table.

6 STAFF COSTS (CON'T)

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:

	2014-15 numbers	2013-14 numbers
£100,001 – £110,000	48	42
£110,001 – £120,000	25	26
£120,001 – £130,000	13	15
£130,001 – £140,000	25	24
£140,001 – £150,000	18	14
£150,001 – £160,000	8	14
£160,001 – £170,000	14	12
£170,001 – £180,000	19	11
£180,001 – £190,000	4	4
£190,001 – £200,000	2	4
£200,001 – £210,000	3	1
£210,001 – £220,000	3	1
£220,001 – £230,000	2	3
£230,001 – £240,000	4	–
£240,001 – £250,000	3	2
£250,001 – £260,000	–	2
£260,001 – £270,000	1	–
£270,001 – £280,000	3	1
£450,001 – £460,000	1	–
	196	176

Total remuneration includes salaries and other additional payments relating to Summer School, TRIUM and consultancy and executive education delivered via LSE Enterprise Ltd, where disclosure is required by the Companies Act, and compensation for loss of office. It does not include payments for private consultancy or income earned from activities outside LSE and its subsidiaries. Payments for compensation of loss of office to two higher paid staff total £434,000 (2013-14 – 1 staff, £96,000)

7 OTHER OPERATING EXPENSES	2014-15	2013-14
	£'000	£'000
Academic departments	10,814	8,652
Library and IT Services	12,882	10,184
Research grants and contracts	5,511	5,956
Scholarships and general education expenditure	20,805	18,522
Estates	19,682	15,498
Administration and central services	4,592	4,625
Staff and student facilities	3,417	2,804
Residences and Catering	20,123	20,803
Consultancy services and executive education	8,087	10,008
Miscellaneous	1,194	1,487
	107,107	98,539
Other operating expenses including VAT include:		
Fees payable to the School's auditor for the audit of the financial statements	63	63
Fees payable to the School's auditor and its associates for other services:		
Audit of the financial statements of the School's subsidiaries	8	8
Other services relating to taxation	–	3
All other services	30	33
	101	107
8 INTEREST AND FINANCE COSTS		
Loans not wholly repayable within five years	8,144	6,584

9 TANGIBLE FIXED ASSETS	LAND AND BUILDINGS		EQUIPMENT	ASSETS UNDER	TOTAL
	FREEHOLD £'000	LONG LEASEHOLD		CONSTRUCTION	
		£'000		£'000	
Group					
COST					
As at 1 August 2014	426,349	27,511	17,491	7,973	479,324
Additions in Year	7,510	2,414	1,789	7,418	19,131
Transfer	5,630	49	–	(5,679)	–
As at 31 July 2015	439,489	29,974	19,280	9,712	498,455
ACCUMULATED DEPRECIATION					
As at 1 August 2014	49,004	6,591	10,547	–	66,142
Charge for Year	7,902	580	1,764		10,246
As at 31 July 2015	56,906	7,171	12,311	–	76,388
NET BOOK VALUE					
As at 1 August 2014	377,345	20,920	6,944	7,973	413,182
As at 31 July 2015	382,583	22,803	6,969	9,712	422,067
School					
COST					
As at 1 August 2014	426,348	26,861	17,208	7,973	478,390
Additions in Year	7,510	2,414	1,786	7,418	19,128
Transfer	5,630	49	–	(5,679)	–
As at 31 July 2015	439,488	29,324	18,994	9,712	497,518
ACCUMULATED DEPRECIATION					
As at 1 August 2014	49,004	6,437	10,271	–	65,712
Charge for Year	7,902	569	1,747		10,218
As at 31 July 2015	56,906	7,006	12,018	–	75,930
NET BOOK VALUE					
As at 1 August 2014	377,344	20,424	6,937	7,973	412,678
As at 31 July 2015	382,582	22,318	6,976	9,712	421,588

Group and School

Fixed assets acquired by the School are funded by retained surplus supplemented by borrowing and other sources including HEFCE grants and donations. Many assets have conditions attached in the case of disposal and the proceeds may therefore not be available to the School. The HEFCE Exchequer Interests are disclosed in Note 18. The School has manuscripts of historic value stored in the Library archive and works of art. These assets are not included within the tangible fixed assets and no market value is estimated. It is not practical to determine the market value of the heritage assets. The cost associated with the custodianship would materially reduce their market value. The Library's contents and works of art are insured in 2015-16 for £126.0m and £1.5m.

	Group 2015 £'000	School 2015 £'000	Group 2014 £'000	School 2014 £'000
10 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS				
Subsidiary companies	–	150	–	150

Principal subsidiaries are:

Name	Nature of business	Shareholding £1 ordinary shares	Number of shares
LSE Enterprise Limited	Consultancy	100%	150,000
LSE LETS Limited	Vacation Lettings	100%	2

All of the above are registered in England.

LSE Foundation Inc (registered in the United States) has no share capital but is owned by the School and carries out fundraising activities in the United States. The results of the LSE Foundation Inc have been included on the face of the income and expenditure account.

	Group 2015 £'000	School 2015 £'000	Group 2014 £'000	School 2014 £'000
11 INVESTMENTS				
Joint ventures	74	–	120	–
Investments	139,031	139,031	11,591	11,591
	139,105	139,031	11,711	11,591

The School has a 50 per cent share in the Journal of Transport Economics and Policy being a joint venture with the University of Bath. Financial statements have not yet been received for 2014-15 but the 2013-14 financial statements show the School's share of turnover to be £45,000 and an operating deficit of £700. The decrease in the carrying amount of the investment has been included in the income and expenditure account.

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

During the year the School invested funds in a bond portfolio in anticipation of the development costs of capital projects.

12 ENDOWMENT ASSETS – Group and School	2015 £'000	2014 £'000
Analysis of closing balance:		
UK equities	34,297	31,984
Overseas equities	41,042	29,219
UK corporate bonds	14,906	11,469
Properties	10,733	6,570
Commodities	–	2,812
Money market funds	1,082	2,490
Invested	102,060	84,544
Other receivable	8,000	–
Share of freehold property	33	33
Cash on deposit	2,834	12,643
	112,927	97,220

The freehold property is an investment of £33,000 in CVCP Properties PLC representing the School's allotment of shares that enabled the university sector to purchase the freehold of the Universities UK's headquarters in Tavistock Square.

	Group 2015 £'000	School 2015 £'000	Group 2014 £'000	School 2014 £'000
13 DEBTORS				
Amounts falling due within one year:				
Trade debtors	5,975	4,180	7,877	6,027
Accrued research income	2,993	2,993	2,858	2,858
Amounts due from group undertakings	–	4,261	–	4,000
Staff loans for housing	38	38	41	41
Other debtors and accrued income	12,065	10,959	4,797	4,780
Prepayments	3,032	3,032	2,390	2,109
	24,103	25,463	17,963	19,815
Amounts falling due after more than one year:				
Trade debtors	57	57	30	30
Other debtors	12,000	12,000	–	–
Staff loans for housing	254	254	300	300
	12,311	12,311	330	330
TOTAL	36,414	37,774	18,293	20,146

14 CASH AT BANK AND CURRENT ASSET INVESTMENTS

Cash at bank	12,162	10,022	5,734	3,068
Bank deposits	27,982	27,982	148,214	148,214
	40,144	38,004	153,948	151,282

	Group 2015 £'000	School 2015 £'000	Group 2014 £'000	School 2014 £'000
15 CREDITORS				
Amounts falling due within one year:				
Bank loans	1,800	1,800	1,800	1,800
Trade creditors	9,290	9,212	9,000	8,914
Research creditors and prepayments	15,008	15,008	16,327	16,327
Amounts due to group undertakings	–	1,726	–	1,867
Taxation and social security	3,969	3,828	3,757	3,720
Other creditors	8,773	6,475	5,922	5,992
Accruals and deferred income	53,394	53,075	49,742	46,830
	92,234	91,124	86,618	85,450
Amounts falling due after one year:				
Loans	147,500	147,500	149,300	149,300
Deferred VAT payments	986	986	1,317	1,317
	148,486	148,486	150,617	150,617

	Group 2015 £'000	School 2015 £'000	Group 2014 £'000	School 2014 £'000
16 BORROWINGS				
Bank loans and loan notes are repayable as follows:				
In one year or less	1,800	1,800	1,800	1,800
Between one and two years	1,800	1,800	1,800	1,800
Between two and five years	5,400	5,400	5,400	5,400
In five years or more	140,300	140,300	142,100	142,100
	149,300	149,300	151,100	151,100

The School has arranged a £75.0m amortising loan repayable by December 2028 secured over three properties. £24.3m was outstanding with a residual facility of £30.0m remaining undrawn at the balance sheet date.

The School has entered into interest rate swap agreements with a nominal value totalling £65.0m. The effective fixed rate costs of the loans and swaps taken together is between 5.0 per cent and 5.5 per cent. The swap agreements had a negative mark to market value of £25.9m (31 July 2014 – £19.2m) at the balance sheet date.

In November 2013, the School issued £125.0m of unsecured loan notes paying between 3.73 per cent and 4.15 per cent repayable between 2028 and 2053.

	2015 £'000	2014 £'000
17 PENSION PROVISION		
As at 1 August	133	140
Transferred to income and expenditure account	(28)	(7)
As at 31 July	105	133

The pensions supplementation provision is in respect of pension enhancements payable to staff who have retired under the previous superannuation scheme for academic and related staff, FSSU, in accordance with FRS 12, "Provisions, contingent liabilities and contingent assets".

18 DEFERRED CAPITAL GRANTS		Funding Council £'000	Other grants and donations £'000	Total £'000
As at 1 August 2014		54,936	40,174	95,110
Cash received		1,063	5,490	6,553
Other receivable		–	16,000	16,000
Released to income and expenditure account – School	1 and 4	(1,417)	(718)	(2,135)
Released to income and expenditure account – Residences		(18)	(88)	(106)
As at 31 July 2015		54,564	60,858	115,422

Deferred capital grants include indexed Exchequer Interests of £28.7m at the balance sheet date.

19 ENDOWMENTS	Restricted expendable £'000	Restricted permanent £'000	Total £'000
Capital value	51,543	36,966	91,419
Accumulated income	3,290	2,511	5,801
At 1 August 2014	54,743	42,477	97,220
Additions	17,962	228	18,190
Appreciation of endowment asset investments	1,828	2,595	4,423
Investment income	1,152	980	2,132
Expenditure for the year	(7,964)	(1,074)	(9,038)
At 31 July 2015	67,721	45,206	112,927
Represented by:			
Capital value	65,730	45,022	110,752
Accumulated income	1,991	184	2,175
	67,721	45,206	112,927

	Group 2015 £'000	School 2015 £'000	Group 2014 £'000	School 2014 £'000
20 MOVEMENTS ON GENERAL RESERVE				
As at 1 August	264,780	264,660	246,710	246,579
Surplus for the year	16,807	16,854	18,070	18,081
As at 31 July	281,587	281,514	264,780	264,660

	2015 £'000	2014 £'000
21 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus of income over expenditure for the year on total activity before tax	16,807	18,070
Depreciation	10,246	8,748
Deferred capital grants released to income	(2,241)	(2,092)
Endowment and investment income	(9,119)	(5,790)
Interest payable	8,144	6,584
(Increase)/decrease in stocks	20	(27)
Decrease/(increase) in debtors	(2,122)	741
Increase in creditors and deferred income	5,284	5,465
Decrease in provisions	(28)	(7)
Net cash inflow from operating activities	26,991	31,692

	At 1 August 2014 £'000	Cash flows £'000	Other changes £'000	At 31 July 2015 £'000
22 ANALYSIS OF CHANGES IN NET DEBT				
Cash at bank and in hand	153,948	(113,803)	–	40,145
Debt due within one year	(1,800)	1,800	(1,800)	(1,800)
Debt due after one year	(149,300)	–	1,800	(147,500)
Net funds	2,848	(112,003)	–	(109,155)

23 PENSION COMMITMENTS

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefits schemes and are externally funded and contracted out of the State Second Pension (S2P) Scheme. There is a separate scheme FSSU.

Pension Scheme	USS		SAUL	
	2015	2014	2015	2014
Active members	1,462	1,472	964	730
Contribution rate made by School	16%	16%	13%	13%
Contribution made (in £'000)	13,346	12,851	3,492	2,005

(i) USS

The School participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The School is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the School's employees. In 2015, the percentage was 16 per cent (2014: 16 per cent). The School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being prepared by the scheme actuary. Based on this 2014 valuation it is expected that employer contributions will increase to 18 per cent from 1 April 2016.

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

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25 per cent pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5 per cent and the CMI 2014 projections adopted, and the tables have been weighted by 98 per cent for males and 99 per cent for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	2015	2014
Existing benefits		
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

(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 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 (ie, cash amounts) in accordance with paragraphs 8-12 of FRS17. The scheme is open to the School's secretarial/clerical/technical staff. As at 31 July 2015 there were 964 staff who were members of the scheme.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

	31 March 2011
Discount rate	
- pre-retirement	6.80% p.a.
- post-retirement	4.70% p.a.
General* Salary Increases	3.75% pa until 31 March 2014, 4.50% pa thereafter
Retail Prices Index inflation ("RPI")	3.50% p.a.
Consumer Price Index Inflation ("CPI")	2.80% p.a.
Pension Increases in payment (excess over GMP)	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% pa

* an additional allowance is made for promotional salary increases.

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,506m representing 95 per cent of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13 per cent of Salaries and 6 per cent of Salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE", benefit structure) to SAUL's benefit structure applies from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall was expected to be eliminated by 31 March 2021, which was 10 years from the valuation date.

(iii) FSSU

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. At the year-end a provision has been established to meet the future obligations, see note 17.

	Group 2015	School 2015	Group 2014	School 2014
	£'000	£'000	£'000	£'000
24 CAPITAL COMMITMENTS				
Centre Building Redevelopment	3,269	3,269	–	–
Refurbishments	3,258	3,258	4,324	4,324
	<u>6,527</u>	<u>6,527</u>	<u>4,324</u>	<u>4,324</u>

The School is in the demolition phase of the Centre building Development Project. The budgeted capital cost for this project is £123.5m.

25 OPERATING LEASES

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

	Group 2015	School 2015	Group 2014	School 2014
	£'000	£'000	£'000	£'000
Leases which expire within one year	228	228	926	926
Leases which expire between two and five years	1,761	1,761	1,662	1,662
Leases which expire in five years or more	7,314	7,314	5,875	5,875
	<u>9,303</u>	<u>9,303</u>	<u>8,464</u>	<u>8,464</u>

26 RELATED PARTY TRANSACTIONS

The School has maintained a Register of Interests of all Council members. Written assurances have been obtained from all Council members in respect of themselves and their close family that for the year ended 31 July 2015, they have not unduly influenced any transaction between the School and a related party.

The School received payments for career fairs and other services, billed at commercial rates, from the following organisations with which Council members are associated:

Organisation	Name	Capacity	Nature of transactions
The Modern Review Ltd	Professor Julia Black	Director of the Modern Review Ltd	Room hires
Markit	Mr Timothy Frost	Director of Markit	Career Fairs
British Petroleum	Mr John Hughes	Employee British Petroleum	Career Fairs
Allianz	Mr Peter Sutherland, KCMB	Director of Allianz	Insurance premium
Goldman Sachs International	Mr Peter Sutherland, KCMB	Chairman of Goldman Sachs International	Career Fairs
BP International Advisory Board	Mr Peter Sutherland, KCMB	Member of BP International Advisory Board	Career Fairs

The activities of the LSE Students' Union have not been consolidated on the grounds that the School does not have significant influence over its activities. The General Secretary of the Students' Union is a member of Council. During 2014-15 the Students' Union received financial support from the School. There were also transactions between the Students' Union and the School for services and goods provided by each party. The School entered into a rental agreement related to specific areas of the Saw Swee Hock Student Centre with the Students' Union in 2014-15.

The School conducted a review of linked charities in 2014-15 and found no associated entities falling within the definition set out in paragraph 28 of schedule 3 of the Charities Act 2011.

27 CONTINGENT LIABILITIES

The School has entered into rental guarantees with Shaftesbury Housing and Urbanest UK Minorities Ltd. Between 2015-16 and 2020-21, the School will have a financial commitment related to 1,135 beds with a potential liability estimated at £11.1m per year.

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefit multi-employer schemes and are externally funded and contracted out of the State Second Pension (S2P) Scheme. Following a change in legislation of Employer Debt Regulations in September 2005 there is a potential debt on the employer that could be levied by the Trustee of both pension schemes. The schemes are multi-employer schemes and should one or more employers in the schemes fail their liabilities would transfer to the remaining employers on a "last man standing" basis. The amount of the debt therefore depends on many factors including: total Scheme liabilities; Scheme investment performance; the liabilities in respect of current and former employees of the employer; financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time. Further details are set out in note 23.

28 SCHOLARSHIPS AND ACCESS FUNDS

	2014-15 £'000	2013-14 £'000
Student support provided by School's general funds and endowments	17,713	15,616
Access Funds		
Balance unspent as at 1 August	5	12
Funding Council grants	–	45
Interest earned	–	1
Disbursed to students	(5)	(53)
Balance unspent as at 31 July	–	5

Access funds provided by the Funding Council are available solely for students; the School acts as a paying agent. In addition to HEFCE Access Funds, the School also disburses ESRC grants and US federal loans as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

	At 1 August 2014 £'000	Additions funded by general reserves £'000	Additions funded by deferred capital grants £'000	Depreciation £'000	At 31 July 2015 £'000
29 FUNDING OF TANGIBLE FIXED ASSETS					
Land and buildings	406,239	10,789	6,554	(8,482)	415,100
Equipment	6,943	1,788	-	(1,764)	6,967
	413,182	12,577	6,554	(10,246)	422,067

Funded by :

Deferred capital grants	95,110	115,422
Bank loans/creditors	27,417	25,286
General reserves	290,655	281,357
	413,182	422,067

30 TRUSTEE EXPENSES

During 2014-15 no trustee received any expense reimbursement in relation to their role as trustee. No payments were made to any trustee for serving as a trustee.

31 POST BALANCE SHEET EVENTS

The School entered an agreement to purchase 5 Lincoln's Inn Field in August 2015 for £8.3m.

32 FIVE YEAR GROUP FINANCIAL SUMMARY

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Income					
Funding Council Grants	22,810	24,429	26,605	27,962	29,652
Tuition fees and education contracts	166,663	153,292	139,848	126,746	114,705
Research grants and contracts	27,124	27,038	23,731	22,696	24,068
Other income	73,856	68,566	65,334	60,288	59,237
Endowment and investment income	9,119	5,791	7,695	6,043	6,041
Total income	299,572	279,116	263,213	243,735	233,703
Expenditure					
Staff costs	157,268	147,175	130,849	125,768	121,338
Other operating expenses	107,107	98,539	91,698	84,682	84,745
Depreciation	10,246	8,748	6,829	5,484	5,600
Interest payable	8,144	6,584	3,195	3,092	3,160
Total expenditure	282,765	261,046	232,571	219,026	214,843
Exceptional items	–	–	–	–	2,299
Surplus before tax	16,807	18,070	30,642	24,709	21,159
Transfer to endowment	–	–	–	(500)	(1,216)
Surplus retained within general reserve	16,807	18,070	30,642	24,209	19,943
Deferred Capital Grants	115,422	95,110	93,221	92,965	92,009
Endowments	112,927	97,220	92,646	83,199	81,717
Reserves	281,587	264,780	246,710	216,068	191,859
Total	509,936	457,110	432,577	392,232	365,585
Held as:					
Tangible fixed assets	422,067	413,182	328,229	302,077	308,063
Investments	139,105	11,711	11,895	10,000	–
Endowment investments	112,927	97,220	92,646	83,199	81,717
	674,099	522,113	432,770	395,276	389,780
Net (liabilities)/current asset	(15,572)	85,747	27,613	26,838	7,396
Long term liabilities	(148,591)	(150,750)	(27,806)	(29,882)	(31,591)
	509,936	457,110	432,577	392,232	365,585

Established Global Research Centres

The new developments and centres at LSE will build on an already solid foundation of work taking place. The School has a range of established cross-disciplinary research institutes, tackling some of the biggest problems facing the world today.

Based at LSE, and in partnership with the University of Oxford, the International Growth Centre (IGC) aims to promote sustainable growth in developing countries by providing policy advice based on frontier research. Funded by the UK Department for International Development, the IGC directs a global network of over 1,000 world-leading researchers and 15 in-country teams in 14 states throughout Africa and South Asia, working closely with partner governments to generate high-quality research and policy advice on key growth challenges.

The Grantham Research Institute on Climate Change and the Environment was established in 2008 to create a world-leading centre for policy-relevant research and training on climate change and the environment. The Institute brings together international expertise, from LSE and beyond, on economics, finance, geography, the environment, international development and political economy. Funded by the Grantham Foundation for the Protection of the Environment, the Institute's Chair is longstanding LSE economist, Lord Stern of Brentford (pictured), who is also President of the British Academy.

Through research, conferences, teaching and projects, LSE Cities aims to shape new thinking and practice on how to make cities fairer and more sustainable for the next generation of urban dwellers, who will make up some 70 per cent of the global population by 2050. Extending LSE's century-old commitment to the understanding of urban society, LSE Cities investigates how complex urban systems are responding to the pressures of growth, change and globalization.

Confronting the World's Biggest Problems.

LSE was founded through a philanthropic donation in 1895 to address the great social challenges of the age – from poverty to urban growth and economic development. It is a fitting development that in its 120th anniversary year the School received its largest ever single donation, of £30 million. The record gift by philanthropist Paul Marshall establishes the Marshall Institute for Philanthropy and Social Entrepreneurship, and includes £20 million towards the redevelopment of its home in 44 Lincoln's Inn Fields, which will be named the Paul Marshall Building.

Founded by Mr Marshall and Sir Thomas Hughes-Hallett, the Institute is designed to improve the impact, effectiveness and appeal of private contributions to the public good, and is set to become a leading centre of expertise in social enterprise. It will provide research, teaching, and a collaborative forum to enable current and future leaders to develop the expertise to put philanthropic funding to best use.

2015 also saw the creation of LSE's International Inequalities Institute (III). Led by co-directors Professor John Hills and Professor Mike Savage, the III will use experts from across the School to lead cutting-edge research into why inequalities are escalating in numerous fields around the world, and to develop the tools to address these challenges. In May, the School announced world-renowned economist, and former LSE PhD student, Professor Thomas Piketty had joined the Institute as Centennial Professor.

Another exciting development for LSE over the last year was the creation of the Centre for Women, Peace and Security (WPS). This was launched in February to widespread attention and acclaim by the former Foreign Secretary, William Hague, and the UNHCR Special Envoy, Angelina Jolie Pitt, alongside Professor Craig Calhoun and Professor Christine Chinkin.

The new Centre, led by Professor Chinkin, will focus on the participation of women in conflict-related processes around the world, and on enhancing accountability and ending impunity for rape and sexual violence in war. From 2016 the Centre will provide post-graduate teaching in Women, Peace and Security, with an MSc degree programme to follow from 2017.

The WPS Centre will sit alongside a range of cross-disciplinary academic units within the LSE Institute of Global Affairs, including the South Asia Centre, Saw Swee Hock Southeast Asia Centre, Middle East Centre, LSE IDEAS, Latin America and Caribbean Centre, Africa Centre and the US Centre.

CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT

41

The following statement is provided to help readers of the Annual Accounts to gain an understanding of the governance structure of the School and to outline the School's internal control and risk management arrangements.

Status of the School

The School is an exempt charity and a company limited by guarantee. The Higher Education Funding Council for England (HEFCE) is the Principal Regulator of the School as an exempt charity. Members of Council are our charity trustees and are required to discharge their duties with prudence and care and to accept ultimate responsibility for the affairs of the School. Some of the ways in which the LSE as a charity delivers public benefit are set out elsewhere in these Accounts.

The School is a "public university" insofar as it derives a modest proportion of its income from government subsidies; primarily as rewards for assessed research performance. The School is subject to the conditions set out in HEFCE's Memorandum of Assurance and Accountability between HEFCE and Institutions for receipt of HEFCE grants. These conditions have been met in full during 2014-15. The Committee of University Chairs (CUC) issued a revised Higher Education Code of Governance in December 2014. The School is compliant with the new Code, save in one regard:

- The Code requires the Council, as governing body, to be assured of the effectiveness of academic governance. Arrangements are being put in place to ensure that the Council has a clear "line of sight" and can make an informed decision as to the effectiveness of academic governance.

Ethics

The Memorandum and Articles of Association form LSE's constitutional documents. Governors are expected to uphold the seven Principles of Public Life advocated by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Further, the School has an over-arching Ethics Policy by which all members of the LSE community including staff, students and Governors are expected to abide. The values enshrined in the Ethics Code are those of responsibility and accountability, integrity, intellectual freedom, equality of respect and opportunity, collegiality, and sustainability. The Ethics Policy Committee (EPC) was established as part of the School's wider ethical framework in 2012 with a remit to ensure that the Ethics Code is communicated and embedded in the life and work of the School through the plans, policies, procedures, guidelines and other documents which govern and inform the conduct of the business of the School. The Committee reports regularly to the Council, and has advised on a range of issues.

The principal governance bodies of the School are as follows:

The Court of Governors

The Court may have up to 100 members, approximately 80 per cent of whom are lay members. The remainder are elected academic and student members, and ex-officio members including the Director and Pro-Directors. The lay members of the Court bring to the School a wide range of expertise from a number of sectors, including business, the professions, and the third sector. Many lay members are alumni, and all have a keen interest in upholding the values and reputation of the School and ensuring its long term sustainability.

Members of the Court are "members of the Corporation" and all hold the honorific title of "Governor". Approximately a quarter of members of the Court also serve on the Council or its committees. However the Council is collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit. Unless a member of the Court also serves on the Council, she or he will not be a company director or charity trustee of the School, but rather a critical friend and advisor to the School's senior management team and the Council through meetings of the Court and Committees and informally.

As constitutional guardian, the permission of the Court is required to amend the School's Memorandum and Articles of Association (broadly speaking, the way in which the School should conduct its business in order to achieve its aims). The Court has the following formal powers: the appointment of members of the Court and its sub-committees; the appointment of members of the Council; election of the Chair and Vice Chairs of the Court and Honorary Fellows of the School; and appointment of the School's external auditors (currently PriceWaterhouseCoopers LLP).

When the Directorship of the School is to be considered by the Directorship Selection Committee, the Court advises the Committee about the criteria for the Directorship and about the long term issues that an incoming Director should address. As members of the Corporation, Governors have the power of recall under the Companies Acts and could, in extremis, dismiss the Council. There are specific arrangements in place to ensure the cross-reporting of business between the Court and Council. An annual Court Awayday held in Autumn allows members of the Council, the Director and leadership team to "take the pulse" of the Court on a range of strategic issues before these are progressed and approved through the usual governance channels.

The Council

In 2014-15, the Council comprised 20 members, all of whom are trustees of the LSE as an exempt charity and 18 of whom are company directors. A full list of Council members as at 24 November 2015 can be found on page 49.

The Council is the governing body of the School and its formal powers and terms of reference are set out in the Articles and in its Statement of Primary Responsibilities. Its primary role is to provide strategic leadership and to maintain a focus on areas identified as being of strategic importance. It has specific responsibilities in relation to: the monitoring of institutional performance; educational character and mission; the student experience; finance and financial sustainability; internal controls; estate strategy; human resource and employment policy; equality and diversity; and health and safety. Reviews of Council effectiveness are carried out on at least a three yearly basis.

Council is supported in carrying out its role by a number of standing committees which report directly to it. These are Audit, Estate Strategy, Ethics Policy, Finance, Health and Safety and Remuneration. The Council has the power to establish committees and working groups to bring focus to, and achieve progress in, any area that is deemed to require attention.

Certain powers are reserved to the Council by the School's Memorandum and Articles of Association; these may not be delegated. However, the Council may (and does) delegate responsibility both to named officers and to its committees. This delegation is regularly reviewed and may be revoked.

Governance-Management Boundary

The Director is Head of the Institution, responsible for the executive management of the School. The Director reports to and is accountable to the Council. The Director is also the accountable officer for the purposes of the HEFCE Memorandum of Assurance and Accountability. In this capacity, the Director meets at least annually with the Audit Committee to provide personal assurance on controls in place regarding the production of the School's annual accountability return to HEFCE. In accordance with the CUC Higher Education Code of Governance, key responsibilities of the Director include: ensuring that Council decisions are implemented through the School's management structure; advising the Council and Court as required; and ensuring compliance with the HEFCE Memorandum, bringing any deviations from it to the attention of the Council.

The Director is supported in his role by a senior management team comprising: a Deputy Director and Provost; three Pro-Directors who provide academic leadership in the areas of research, teaching and learning, and planning and resources; the CFO, and the School Secretary.

The Academic Board

The Academic Board, which reports to the Council, is chaired by the Director and is the principal academic body of the School. It considers all major issues of general policy affecting the academic life of the School and its development. It is supported by its own structure of committees which deal with academic and student affairs, research, academic planning and resources, IT and library services. The Vice Chair of the Academic Board is a member of the Council and reports at each meeting on the formal outcomes of Academic Board meetings. In common with elected academic and student members, the office holder shares responsibility for raising academic concerns with the Council.

Controls Framework

The Council confirms that it already complies with the recommendations of the CUC Higher Education Code of Governance (December 2014) in most material respects. As described in the Chairman's statement, a review of the School's governance is in progress. This requires consultation across the School and the review had not been completed at the date this report was approved for publication. It is intended that the review will address all areas of the CUC's code. As the governing body of the School, the Council has responsibility for maintaining a robust system of internal control that supports the achievement of strategic and operational objectives, while safeguarding public and other funds and assets for which it is responsible under the terms of the Articles and the HEFCE Memorandum of Assurance and Accountability. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve objectives, including missing appropriate opportunities. It can therefore only provide reasonable and not absolute assurance of effectiveness.

All members of the Council receive the HEFCE assessment of institutional risk, the most recent version of which stated that the School was "not at higher risk"; this being the highest available level of assurance.

The Audit Committee, which met four times during the year, is responsible inter alia for advising the Council on the effectiveness of the School's risk management and controls systems. The Audit Committee reports three times a year to Council, through its Chair, and provides an annual opinion on risk management, control and governance.

The School's controls assurance come from a variety of sources, including:

- monitoring by the Director and his management team of various work streams arising from the strategic review;
- regular review by the Director and his management team of policy issues and problems, and of strategic risks;



- review of the strategic risk register, risk mitigation strategies and business continuity arrangements by the Audit Committee, and subsequent discussion at Council;
- annual performance review of academic departments along with in-depth quinquennial review by the Academic Planning and Resources Committee of individual departments with independent expert assessment;
- regular meetings between senior managers and Service Leaders to review progress and issues arising from operational activities, and similar meetings between the Director and Heads of Departments in relation to academic developments;
- oversight by the Academic Planning and Resources Committee of matters relating to resource allocation, forward planning, effectiveness and value for money;
- the School's internal audit service is provided by BDO LLP whose annual programme is approved by the Council on the advice of the Audit Committee, whose Head provides the Council and the 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. The Head of Internal Audit is independent of the School and has direct access to the lay Chair of the Audit Committee, and to the Director as the School's Accountable Officer;
- Financial Regulations detailing financial controls and procedures, previously approved by the Finance Committee, but in future to be approved by the Council. These are reviewed and updated annually;
- clearly defined and formalised requirements for the 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;
- scrutiny of policy and practice by committees of the Council, such as Estates and Finance;
- regular review of the effectiveness of the Council;
- a written scheme, setting out delegation of executive authority from the Council to the Director, and from the Director to his reports;
- constitutional documents (the Memorandum and Articles of Association), which reserve certain powers to the Council and the Court;
- written reports from the Director to the Court and Council, and from the Council to the Court, providing transparency and opportunity for constructive challenge;
- review of change management processes and promotion of best practice in relation to data and reporting in the School by the Data Quality Group; and
- the work of a dedicated Risk Manager located in the Governance Legal and Policy Division.

Internal and External Audit Services

The School's internal audit service is provided by BDO LLP. The School's external auditors are PricewaterhouseCoopers LLP. Representatives of the School's internal and external audit firms attend meetings of the Audit Committee and have an opportunity at each meeting to

raise any issues of concern with members of the Committee in private session (ie, in the absence of Officers of the School). The performance of both the Internal and External Auditors is subject to annual review by the Audit Committee and both services are regularly re-tendered. Re-tendering for the provision of the Internal Audit service was carried out in 2014, and for External Audit in 2015.

Audit Committee

The Audit Committee is a standing committee of the Council and reports to the Council three times per year. The Committee provides an independent assessment of the School's arrangements for internal control, risk management, financial reporting, data quality, governance and value for money. It is chaired by a lay member of the Council with appropriate expertise. The Committee considered a total of 16 finalised internal audit reports in 2014-15 covering key areas which included: the Ethical Framework, scholarships and bursaries, corporate governance, user access management, the UUK Code, research project expenditure, the resource allocation process and the Students' Union. In all cases, the Committee reviewed management responses to ensure that they would be sufficient to address identified shortcomings, and it continually monitors progress in implementation of management action plans.

The Audit Committee takes seriously its responsibility to scrutinise the School's risk management arrangements and to offer independent advice to the Council on the effectiveness of those arrangements.

The Committee has overseen the development of a new format for the School's Strategic Risk Register. Under the guidance of the Committee the Register now focuses on a smaller number of business critical risks facing the School. Risks with the potential to be added to the Risk Register are also regularly assessed by the Committee. In the last year, these have included the risk that the School may become over-reliant on overseas markets, and the possible risks deriving from the 2015 counter-terrorism legislation and visa changes, this in the context of the School as an employer and host of many staff and students from overseas.

Finance Committee

The Finance Committee plays a significant role in relation to risk by advising Council on financial risks to the School's strategic ambitions; this includes considering the financial implications of non-financial risks.

The main activities of the Finance Committee relate to the following areas: financial strategy and risk; funding adequacy, cash flow and investment; financial forecasting and budgets; financial policies and regulations; evaluation of major commitments; and review of financial performance at aggregate level. The Finance Committee has lay, academic and expert membership.

The Financial Regulations are updated annually and available online. They set out policies and procedures related to purchasing. The Purchasing Manager reports annually to the Academic Planning and Resources Committee on value for money related to purchasing activities. The Financial Regulations set out policies and procedures related to capital expenditures. In practice, the School has three main categories of capital expenditure: buildings and estate related; IT related; and catering equipment. Capital expenditure on land, buildings, furniture, equipment and associated costs are only normally

considered if they form part of the approved capital programme. Major acquisitions and disposals are subject to Council approval.

There is a strong budgetary control process, with a high degree of decision-making autonomy delegated to budget controllers on how to spend budgets, but very limited opportunity to overspend. Regular management accounts are reviewed by the Director's Management Team and Finance Committee. There are additional processes for administration and control of research grants, research contracts, donations and endowments where there are specific conditions on how the grant may be spent.

The School offers a number of courses and programmes which are grouped together under the term "ancillary programmes". These activities accord with the School's educational character and mission. They also make a significant financial contribution – for example, they brought income in the region of £35.5m into the School in the 2014-15 financial year. Governance of these activities has been reviewed in the course of the year with a view to enhancing safeguards to manage potential conflicts of commitment. Ancillary Programmes and Courses Committee (APCC), a sub-committee of the Finance Committee, has now replaced the Ancillary Programmes Board.

The work of the APCC is complemented by that of LSE Enterprise Ltd, a wholly owned subsidiary of the School which provides executive education and consultancy services and whose profits are gift-aided to the School each year. Senior managers of the School are represented on the board of LSE Enterprise Ltd.

Remuneration Committee

The Remuneration Committee oversees remuneration arrangements, which operate within a national job evaluation and pay negotiation framework. There are controls on hiring of staff and headcount operated by Finance and Planning to ensure that staff are only recruited where budgets are approved.

Business Continuity

The principal objective of the School's business continuity arrangements is to mitigate the potential impact on the School's teaching and research activities should any of the identified continuity risks crystallise. A dedicated webpage provides staff and students with up to date information about current significant risks to the continuity of their work. It also provides advice to help mitigate those risks through links to external sites that provide additional information.

Recent events such as a fire in Kingsway and the collapse of a building adjacent to the Houghton Street campus have tested our plans. In both events business continuity plans were successfully operated.

The School continues to keep the Higher Education Funding Council for England informed of any serious incidents, including those which might give rise to reputational risk or have wider repercussions for the higher education sector as a whole.

Declaration of the Council

In accordance with the Companies Acts, 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 Acts, 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 the Memorandum of Assurance and Accountability 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 directing the preparation of the financial statements, the Council has ensured that:

- suitable accounting policies were selected and applied consistently;
- judgements and estimates made were reasonable and prudent;
- applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements were prepared on the going concern basis. The Council is satisfied that the School has adequate resources to continue in operation through 2015 and 2016. 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 Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

The purpose of the London School of Economics and Political Science (LSE) is to increase understanding of a complex and changing world through excellent teaching and research in the social sciences by promoting its work to policy makers and practitioners in the public, private and voluntary sectors. Founded in 1895, LSE adopted the motto *rerum cognoscere causas* – to know the causes of things.

“Universities are uniquely placed to address climate change and environmental justice. LSE exemplifies this through world-leading research, teaching new generations of global citizens, and combining these with improving its own sustainability performance.”

Professor Craig Calhoun, Director of LSE

The LSE educates around 9,500 students from 140 countries. It employs around 2,456 members of staff, and manages 28 campus buildings and 8 halls of residence across four London boroughs, as well as an 11 acre sports ground in Surrey.

Policy aims

The School seeks to support the leaders and citizens of the future to responsibly shape the world in which we live, by creating an institutional culture which collectively works to continually improve the LSE's environmental and social impacts, and deliver environmental enhancements where possible.

This is facilitated by a commitment to maintain ISO 14001 registration, and driven to achieve the following aims.

1. Mitigate against climate change by reducing the School's carbon footprint.
2. Reduce the School's use of natural resources, and its ecological footprint.
3. Prevent pollution from emissions and discharges, and the physical degradation of ecosystems.
4. Comply with all applicable environmental legislation, and other requirements to which the School subscribes.
5. Provide leadership in the field of sustainability.
6. Create a vibrant community in which staff, students and visitors have the opportunity to individually and collectively support the School in protecting the environment.

Policy objectives

1. Energy and carbon

- Reduce consumption and increase energy efficiency in buildings and equipment in order to reduce the School's carbon footprint.

2. Waste and resources

- Use the zero-waste “rethink-reduce-reuse-recycle” hierarchy in waste and resource management.

3. Water

- Minimise water consumption, by promoting positive behaviours and installing water-efficient infrastructure.

4. Construction and refurbishment

- Reduce consumption of new materials, and increase the reuse and recycling of materials.
- Create built environments that meet the highest environmental standards, by incorporating environmental criteria into material and contract specifications, to reduce environmental impacts over the whole life cycle of LSE buildings.

5. Procurement

- Require contractors, sub-contractors and suppliers to meet or exceed all relevant environmental legislation and regulations and work to improve the environmental performance of the School.
- Consider the environmental and social sustainability of all products and services procured, including whole-life costing.

6. Emissions and discharges

- Prevent pollution, and reduce emissions and discharges from buildings and equipment.

7. Transport

- Encourage the reduction of emissions arising from commuting, business travel and deliveries.

8. Biodiversity and urban landscapes

- Monitor, maintain and enhance biodiversity and habitats on the School estate.

9. Education for sustainable development

- Research: Shape public policy on environmental and social issues and ensure that the LSE remains at the forefront of academic investigation and public debate in these areas through the work of the Grantham Research Institute on Climate Change and the Environment, the Centre for Environmental Policy and Governance, the Centre for Climate Change Economics and Policy and the Department of Geography and Environment.
- Teaching and Learning: Ensure that LSE graduates have a full understanding of the environmental and social dimensions of leadership.
- Training and Guidance: Ensure that staff, students and visitors can access information to support their development as responsible global citizens.

10. Community Involvement

- Communicate with interested parties on the Environmental Policy including contacts in the immediate neighbourhood, the regional, national and global community. This includes but is not limited to the education, business, media, and alumni communities.

11. Income and investment

- Maintain ethical investment processes and the consideration of social, environmental and governance factors in investment decisions.

ENDOWMENT INVESTMENT PERFORMANCE

46

Funding from philanthropy along with tuition fees, HEFCE grants and research grants are the School's main sources of income. Endowment support is the only form of income that can put the School in control of its own long-term financial destiny. Throughout the School's history endowed gifts have made a meaningful contribution to the School's portfolio of research and teaching. In an ever-changing sector, the challenge facing LSE is to make the overall endowment an integral part of its financial health.

During the 2014-15 financial year, the School's endowment grew from £97.2m to £112.9m. The growth in the endowment came in large part from private donations which have established centres, chairs, lectureships, and scholarships with the remaining contribution from the endowment's investment return. An increasing number of individual donors and foundations are recognising this form of support as vital to the School's unique public benefit as a charity focused on education and the "betterment of society".

The School's endowment is divided into three portfolios, each devoted to a different objective and managed according to the investment return and risk criteria pertinent to that portfolio's objective:

The Gift Matching portfolio: expendable endowments that are budgeted to be spent in the short or medium term. The investment objective for this portfolio is to preserve capital. The funds are invested in cash and short-term bonds matched to the required distribution schedule.

The Growth portfolio: expendable endowments that have a longer-term horizon and permanent endowments that are invested on a total return basis. The objective for this portfolio is to grow over the long term by an annual average of 4 per cent plus the Retail Price Index (RPI).

The FER portfolio: a separate investment portfolio for a permanent endowment to support the STICERD research centre. The objective for this portfolio is to generate at an annual payment of £530k plus 3 per cent.

Investment performance

The investment performance for each investment pool over one, three and five year period is:

Investment return	1 year	3 years	5 years	Long-term objectives
Gift matching and growth combined	9.3%	9.7%	8.0%	4% + RPI
FER	6.7%	6.2%	7.4%	£530k payout + RPI

Investment Sub-Committee

Established in 1989, the LSE Investment Committee is a subcommittee of the Finance Committee. It is responsible for initiating investment strategy and determining the asset allocation required to achieve the investment risk and return targets approved by the Finance Committee. The Investment Committee meets at least three times a year and appoints an investment adviser whose tactical asset allocation and manager recommendations are monitored and reviewed by the Investment Committee and implemented when agreed by the Finance Division. Overall strategic asset allocation and manager selection is reviewed once a year.

Asset allocation

Asset allocation for each pool as at 31 July 2015 was as follows:

	Gift matching		Growth		FER	
	£'000	%	£'000	%	£'000	%
Money market	1,081	9%	2,602	3%	232	1%
Corporate bonds	11,114	91%	–	–	3,792	20%
UK equities	–	–	28,331	35%	5,966	32%
Overseas equities	–	–	32,179	39%	8,862	47%
Properties	–	–	10,735	13%	–	–
Accounts receivable	–	–	8,000	10%	–	–
Share of Freehold Property	–	–	33	–	–	–
	12,195	100%	81,880	100%	18,852	100%

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE (THE "SCHOOL")

47

Report on the financial statements

Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the group's and of the School's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and School financial statements (the "financial statements"), which are prepared by London School of Economics and Political Science comprise:

- the consolidated and School Balance Sheets as at 31 July 2015;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and School's circumstances and have been consistently applied and adequately disclosed;

- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the School's statutes; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the School, or returns adequate for our audit have not been received from branches not visited by us; or
- the School financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Internal control

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent school and group. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Council and auditors

As explained more fully in the Statement of Responsibilities of the Council set out on page 41 to 44 the Council (who are also the directors of the company for the purposes of company law) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council of London School of Economics and Political Science, in accordance with of the Charters and Statutes of the School and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Ian Looker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 November 2015

DIRECTORS OF THE SCHOOL AND MEMBERS OF THE COUNCIL

49

During the year and up to the date of signing of the financial statements were:

Mr Peter Sutherland KCMB

Chairman of the Court and Council and Remuneration Committee
(until 31 January 2015)

Lord Myners

Chairman of the Court and Council and Remuneration Committee
(from 1 February 2015)

Mr Alan Elias

Vice Chairman of the Court and Council

Dr Susan Liautaud

Vice Chairman of the Court and Council (from 1 August 2015)

Professor Craig Calhoun

Director of the School

Professor Jason Alexander

Academic Member

Ms Virginia Beardshaw CBE

Lay Governor

Professor Julia Black

Academic Member

Ms Nona Buckley-Irvine

General Secretary of the Students' Union

Professor Matthew Engelke

Academic Member and Acting Chair of the Ethics Policy Committee

Ms Tina Fahm

Lay Governor and Chairman of the Audit Committee

Mr Timothy Frost

Lay Governor and Vice Chair of the Finance Committee
(until 31 July 2015)

Professor George Gaskell

Pro-Director (Planning and Resources) (until 31 August 2014)

Mr John Hughes

Lay Governor (from 1 August 2015)

Mr William Nigel Hugill

Lay Governor and Chairman of the Estate Strategy Committee

Professor Janet Hunter

Academic Member

Mr Jack Kelly

Student Member (until 11 December 2014)

Mr Mark Molyneux

Lay Governor and Chairman of the Finance Committee

Mr Roger Mountford

Lay Governor and Chairman of the Health & Safety Committee

Mr Syed Mahatir Sakib Pasha

Student Member (from 11 December 2014)

Ms Harriet Spicer

Lay Governor

Professor David Webb

Pro-Director (Planning and Resources) (from 1 September 2014) and
Chief Financial Officer

**Members of the Council not
Directors of the School**

Professor Paul Kelly

Pro-Director (Teaching and Learning)

Professor Martin Loughlin

Vice-Chair of the Academic Board

Company Secretary

Ms Susan Scholefield (until 30 September 2014)

Mr Andrew Webb (Acting Secretary from 1 October 2014)

Academic Departments

Accounting
Anthropology
Economics
Economic History
European Institute
Finance
Gender Institute
Geography and Environment
Government
International Development
International History
International Relations
Language Centre
Law
Management
Mathematics
Media and Communications
Methodology
Philosophy, Logic and Scientific Method
Social Policy
Social Psychology
Sociology
Statistics

Institutes

Global Affairs (IGA)
International Inequalities Institute (III)
Marshall Institute for Philanthropy and Social Entrepreneurship
Public Affairs (IPA)

Research centres

Asia
Cities
Centre for Climate Change Economics and Policy (CCCEP)
Diplomacy and Strategy (IDEAS)
Centre for Economic Performance (CEP)
Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD)
Financial Markets Group (FMG)
The Grantham Research Institute on Climate Change and the Environment (GRI)
Health and Social Care
Human Rights
International Growth Centre (IGC)
Local Economic Growth (What Works)
Centre for Macroeconomics (CFM)
Middle East
Centre for Philosophy of Natural and Social Science (CPNSS)
Social Exclusion (CASE)
Spatial Economics Research Centre (SERC)
Systemic Risk
Time Series (CATS)

Finance Division

5th Floor, LSE Library
Houghton Street
London WC2A 2AE

financecomments@lse.ac.uk



PRINTED ON
RECYCLED PAPER