

# Financial Statements

*For the year ending 31 July 2024*



# Contents

Report of the Chair of Council	<b>3</b>
Welcome from the President and Vice Chancellor	<b>6</b>
Strategic Report and Report of the Directors	<b>7</b>
Corporate Governance and Internal Control Statement	<b>37</b>
Environmental Sustainability Report	<b>41</b>
Endowment Investment Performance	<b>44</b>
Independent Auditors' Report	<b>47</b>
Accounting Policies	<b>50</b>
Consolidated Statement of Comprehensive Income and Expenditure	<b>55</b>
Consolidated and School Balance Sheet	<b>56</b>
Consolidated and School Statement of Changes in Reserves	<b>57</b>
Consolidated Cash Flow Statement	<b>58</b>
Notes to the Financial Statements	<b>59</b>
Five Year Group Financial Summary	<b>82</b>
Directors of the School and Members of Council	<b>83</b>
Academic Departments, Research Centres, Institutes and Centres	<b>84</b>

# Report of the Chair of the Council



## Year in review

The past year was one of transition and new developments, of internal change and external challenge. In April, we welcomed Larry Kramer as the 18th head of LSE – formerly called Director, now President and Vice-Chancellor. With a career in the academy as a constitutional historian and dean of Stanford Law School, followed by more than a decade running the William and Flora Hewlett Foundation, Professor Kramer brings a wealth of experience and expertise, combined with a record of transformational change, that makes him ideally suited to lead LSE into its next chapter.

Like universities everywhere, LSE also faced significant challenges this past year, struggling with everyone to manage tensions around the war in Israel and Palestine, the scope of free speech and academic freedom, political uncertainty and instability, and more. The School navigated these challenges well on the whole, without losing momentum on other efforts underway to strengthen it. Most notably, efforts to enhance the student experience have continued to bear fruit, reflected in National Student Survey results that showed significant improvement in every survey category. A parallel survey of staff satisfaction likewise showed meaningfully higher scores across the board.

Early worries about whether UK visa policy would affect student recruitment proved unfounded, and LSE remains highly competitive and able to draw top students from a competitive pool of qualified applicants. We have, at the same time, continued our focused efforts to ensure a diverse student body. Some dimensions of diversity are built into the wide range of nations from which LSE draws students (nearly 150 countries are represented at the School), but we have been paying special attention to ensuring diversity among our UK students with an aggressive Access and Participation Plan.

We have also been making concerted efforts to improve the School's operations. The most significant efforts this past year were in IT, with the arrival of a new CIO, Nick Gilbert. Nick hit the ground running and has already made meaningful improvements in procurement and front-line assistance. He is working closely with SMC on broader issues connected to AI and the need for a digital transformation across everything we do.

In published league tables, *The Times* and *The Sunday Times Good University Guide* ranked LSE the top university in the UK (as well as "University of the Year"). Other rankings were more mixed: LSE was ranked as the top university in London, no lower than fourth nationally, and 50th in the QS world rankings. QS also recognized the School with an Employability Champion Award, as it ranked first in Europe for graduate employment outcomes.

## Governance

LSE continues to benefit from strong governance. Council added one new member: Tamar Gendler, a distinguished dean at Yale University. Together, this addition adds critical skills and experience to an already strong Council. During the year, we commissioned an effectiveness review of the Finance and Estates Committee and the Investments Sub-Committee, both receiving positive reports.

A similar review of LSE's academic governance found weaknesses in internal arrangements, chiefly related to ambiguity and lack of clarity as to the scope of its responsibilities. The review recommended a variety of changes that will be implemented in the coming year.

# Report of the Chair of the Council

## Looking forward

The world is changing fast, which presents both challenges and opportunities. Scholars and students from LSE played important roles in many of the 20th century's most significant developments, from the creation of the welfare state to the emergence of neoliberalism. To maintain a similar position in the 21st century, we must change and evolve—incorporating new technologies (and most especially generative AI) into our operations, teaching and research; producing scholarship to address new challenges like sustainability and the rise of populism; and preparing students for jobs and careers that are being transformed.

Doing all this will require institutional adaptations, including more streamlined and effective administrative operations, continued success in fundraising, and new efforts to recruit and retain the best faculty. Strategies for all these efforts have been developed and are in the process of being launched or implemented.

The biggest challenge is to ensure that LSE has the resources to realise these ambitions. We are, fortunately, in a relatively strong position. The School's financial performance exceeded budgeted expectations, with better than expected performance across investment and endowment income, and unrestricted EBITDA of £73.9 million (an increase of £19.0 million over the year before). This will allow us to continue enhancing the School's physical estate and academic infrastructure, including several large-scale estate developments, a significant increase in fundraising resource to support the Shaping the World Campaign's new target of £750 million by 2030, significantly increasing the number of funded PhD students, and more.

These few highlights cannot fully capture the countless remarkable qualities that make LSE such a special place. But in the end, what makes LSE so remarkable are its people: staff, students, alumni, partners, friends, and supporters. I am immensely grateful to this whole community for their many contributions, and I look forward eagerly to working with them on the next stage of LSE's development.

**Dr Susan Lioutaud**

Chair of Council



INDIAN OCEAN

SRI LANKA

INDIA

Bay of Bengal

CHINA  
(People's Rep)

Lire  
ensemble  
**Free  
together**



Arabian Sea

OMAN

SAUDI  
ARABIA

SOMALIA

ETHIOPIA

YEMEN

QATAR

BAHRAIN

IRAN

PAKISTAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

MOZAMBIQUE

ETHIOPIA

DJIBOUTI

ERITREA

YEMEN

QATAR

BAHRAIN

IRAN

AFGHANISTAN

KAZAKHSTAN

MONGOLIA

ZAMBIA

# Welcome from the President and Vice Chancellor



Staff, students, alumni, partners and friends of LSE,

Enclosed are the School's financial statements for the 2023/24 academic year. It has been, as you know, another period of transition at LSE, as well as for me personally, as I assumed the role of President and Vice Chancellor in April. I am incredibly grateful to Eric Neumayer, and, indeed, to the entire School Management Committee, for the remarkable job they did steering LSE through a challenging year and for the unstinting support they have given me since I took on this new role.

LSE is in a fortunate position compared to many other universities in the UK. We remain one of the most attractive study destinations for students from around the world, and I was delighted to see our School's excellence recognised by being named the

Sunday Times University of the Year 2025. This, combined with prudent financial management, gives us a level of financial stability that is increasingly rare within the sector. This enabled us in the past year to put significant new resources into programmes that support both research and teaching, as well as campus redevelopment and an expansion of our scholarship offerings. I was especially happy that we were able to deliver a Financial Reward Package worth more than £100 million, over seven years, to uplift pay for all our staff.

Good news notwithstanding, we must nevertheless remain alert to challenges we'll face going forward. The situation of UK Higher Education generally remains politically and economically precarious, with significant ongoing uncertainty about whether (and, if so, how) the Government plans to create a more sustainable funding model. The costs of operating a university have grown significantly in recent years, including the need to devote substantial amounts of organisational time and energy to navigating government-imposed bureaucratic complexity. Meanwhile, the global market for the best students and top academic talent are becoming ever more competitive, calling for greater investment and innovation to remain competitive. In short, we will need more resources if we are to meet these challenges.

To that end, the LSE Council, School Management Committee, and I are in the process of refreshing our institutional strategy with a focus on significantly expanding the School's resources. This will include ambitious plans to further enhance our highly successful fundraising campaign and to grow our extended education offerings—all done with an eye on magnifying and disseminating the great work our community already does to ensure that LSE remains at the forefront of developing the ideas, policies, and frameworks needed to address the world's most pressing problems.

I look forward to working with everyone in the LSE community to realise our ambitious goals to help shape the world for the betterment of society.

**Professor Larry Kramer**

LSE President and Vice Chancellor

# Strategic Report and Report of the Directors

## School Mission and Strategy

### Strategic Overview

The 2023/24 academic year marked a transition in LSE's leadership, with Professor Larry Kramer becoming President and Vice Chancellor in April 2024. This period of change has provided an important opportunity for us to take stock of how the world has changed since we launched our LSE 2030 strategy in 2019, and to review our priorities accordingly to ensure that we remain well placed to achieve our ambition of being the leading social science institution with the greatest global impact.

Whilst we develop those priorities to take us into 2024/25 and beyond, we have continued to make good progress in improving the School's education and student experience offering, enhancing our support for world-class research, and strengthening our operations: laying solid foundations on which to build the next phase of our strategy.

Below, we set out the progress we made in 2023/24 towards the existing priorities articulated in LSE 2030. These are structured around three core strategic pillars: Educate for Global Impact; Research for the World; and Develop LSE for Everyone.

### Strategic Priority 1: Educate for Global Impact

**We are committed to working closely in partnership with students to find innovative ways of learning, creating and collaborating, supporting them to better understand and shape our rapidly changing world.**

Priority area in 2023/24	Achievements in 2023/24
<b>1 Delivering research-rich education</b>	<ul style="list-style-type: none"><li>• Awarded <i>Sunday Times</i> University of the Year 2025.</li><li>• Achieved excellent results in the 2024 National Student Survey, with improved scores across all survey categories putting us first amongst London Russell Group universities in five out of nine categories, including for Assessment and Feedback, where we focused last year on marking criteria, and feedback turnaround times.</li><li>• These improvements are supported by an ongoing programme of work to digitise the assessment lifecycle which will improve timeliness, reduce errors, and lessen administrative burden on staff. Students have welcomed being able to bring their own device to sit in-person exams, through a new function – E-Exams – that was made available to all qualitative exams at LSE last year.</li></ul>
<b>2 Creating a consistently excellent student experience</b>	<ul style="list-style-type: none"><li>• Focused on improving mechanisms and clarity around Student Voice last year, jumping from 17th to 4th in the Russell Group (per the NSS). Renewed focus on embedding student voice into institutional decision making, including a redesigned Student Education Panel and undergraduate student research programme: Change Makers.</li><li>• Introduced a new polling system – Mentimeter – to enable more student voices to be heard and encourage greater in-class engagement this year.</li><li>• Modernised and streamlined LSE for You to give students a single digital point of contact for most of their interactions with academic administration.</li><li>• Introduced a new framework, toolkit, and visual identity for communicating with students, rolled out to every department and division last year to aid consistency and clarity of communications and support sense of LSE identity and community.</li><li>• Implemented a new Curriculum Management System as part of wider work to improve the quality and efficiency of our academic administrative processes, for students and staff.</li></ul>
<b>3 Building student community, inclusion and wellbeing</b>	<ul style="list-style-type: none"><li>• Implemented a cross-School model for department-based pastoral support, recruiting a team of six Departmental Senior Student Advisors to create greater connectivity between departments and central services and help students access the support they need.</li><li>• Continued investment in enhancing the student journey from Welcome to graduation, with improved coordination between central School, Students' Union, and academic department activity, and the creation of a new, dedicated student community function in LSE LIFE.</li></ul>

## School Mission and Strategy

### Strategic Priority 2: Research for the World

**We are committed to building on our strengths as international, interdisciplinary and issue-oriented to take the lead in securing and defining the future of social sciences across the globe.**

Priority area in 2023/24	Achievements in 2023/24
<b>4 Supporting world-class research</b>	<ul style="list-style-type: none"><li>Revised internal seed funding schemes and research development support to focus resource where it will have most impact and contribute to securing greater external funding income.</li><li>Established an end-to-end review of research management and infrastructure to underpin delivery of our strategic ambitions, including significant financial investment.</li><li>Approved a substantial multi-year investment in research computing, to ensure we have the infrastructure and capacity to support and enable innovative and data-intensive social science research.</li></ul>
<b>5 Delivering real-world impact</b>	<ul style="list-style-type: none"><li>Established key leadership positions to drive impact delivery, including the inaugural Academic Director of Impact, and refocused support activity on impact and innovation.</li><li>Awarded prestigious ESRC Impact Accelerator Account, worth £1.25 million over five years, to support commercialisation of LSE research, support consulting activities, enhance the PhD experience and showcase LSE's impact and innovation.</li><li>Secured funding for a new Global School of Sustainability, launching in 2024/25, to put LSE at the forefront of social science leadership in addressing the challenges of climate change.</li></ul>
<b>6 Leading the social sciences</b>	<ul style="list-style-type: none"><li>Investment in growing the LSE Public Affairs team to coordinate and champion London-focused research and engagement.</li><li>Renewed ESRC Doctoral Training Programme accreditation approved, to include 5 cohorts of 20 ESRC funded studentships from 2024. Package includes additional funding for developing research in practice and new training content and delivery.</li><li>LSE Press recently appointed Prof Dame Sarah Worthington as the new Chair of the Editorial Board. The press continued to expand, with two journals and seven new books in 2022/2023 and downloads for LSE Press books, journals and supplementary materials continuing to grow.</li></ul>

### Strategic Priority 3: Develop LSE for Everyone

**We are committed to investing in our community and enhancing our services and infrastructure, so that we continue to attract the best and brightest and enable every member of our community to excel.**

Priority area in 2023/24	Achievements in 2023/24
<b>7 Delivering our fundraising campaign: Shaping the World</b>	<ul style="list-style-type: none"> <li>By the end of 2023/24, we had raised more than £381 million, exceeding our goal of £350 million and helping us to realise our ambitions to support and disseminate high-impact, world-leading research; deliver excellent, transformative education to our students; and develop our campus and community.</li> <li>Alumni volunteers contributed a further 27,314 hours in support of the School, bringing our total since the Campaign was launched to 126,383 hours (126% of our target).</li> </ul>
<b>8 Investing in People and Talent</b>	<ul style="list-style-type: none"> <li>Implemented a significant Financial Reward Package, representing an investment in staff of over £100 million over seven years, to enable LSE to continue to recruit and retain top talent from around the world.</li> <li>Implemented a new holistic Equity, Diversity and Inclusion strategy to underpin a whole-School approach to drive improvements in representation and inclusivity across all protected characteristics and build community cohesion.</li> <li>Introduced a revised approach to staff learning and development, including piloting intensive Development Centres to identify and support talented future professional services leaders.</li> </ul>
<b>9 Investing in Technology</b>	<ul style="list-style-type: none"> <li>Recruited and onboarded our new Chief Information Officer to lead on delivering our ambitious technology strategy.</li> <li>Sustained focus on investing in our technology and digital infrastructure and developing a strong operational core, with significant improvements in front-line support and procurement, underpinned by recruitment of new key leadership roles.</li> <li>System and process improvements realised across education and research, as detailed above.</li> </ul>

## Scope of the Financial Statements

These financial statements comprise the consolidated results of the School and its subsidiaries. The operations of these subsidiaries cover the vacation letting of student accommodation, consultancy services, commercialisation of intellectual property, the provision of customised executive education programmes, overseas fundraising, and the design, build and operation of a hall of residence. For commercial, legal, and taxation reasons these activities are channelled through limited companies and partnerships which, where appropriate, transfer their profits to the School through an annual payment of Gift Aid.

In addition, the School is a partner in the TRIUM Executive MBA programme with New York University and HEC in Paris. As the School acts as agent for the programme, its proportional share of income and expenditure of the programme is recognised in the School's Statement of Comprehensive Income and Expenditure whilst the assets and liabilities of the operation are included within the School's balance sheet.

The LSE Students' Union is a separately constituted body over which the School does not exert significant influence and so it is not consolidated in these financial statements.

## Chief Financial Officer's Overview

The purpose of this Financial Review is to explain the key features of the School's 2023/24 financial results and place them in the context of our overall financial planning and the vision for the School set out in LSE 2030.

Comprehensive income/(loss) for the year (including gains and losses on investments and the change in the market value of our interest rate swaps) was a surplus of £215.6 million compared to £58.1 million in 2022/23. These headline figures include some large items which do not reflect an underlying change in the School's financial performance as the table below shows: changes in the USS pension past service deficit cost provision; significant endowments and donations recognised and received in year related to future spending; and movements in the market value of the investments and interest rate SWAPS. Adjusting for these items shows an underlying surplus of £18.4 million. This is a significant improvement compared to 2022/23 that reflects the improvement in unrestricted earnings before interest depreciation and amortisation (EBITDA). For 2023/24 we had budgeted uEBITDA of £62.2 million compared with £73.9 million achieved.

2023/24 continued to see improved financial returns in various areas of the School's operation. We were pleased to facilitate a larger than anticipated summer school programme with over 7,900 participants; a level of 92 per cent of the pre-pandemic peak in 2019. Continued investment over recent years in the School's fundraising capabilities has been successful; as demonstrated by the in-year rise in donation and endowment income and progress against the School's Shaping the World campaign.

The general rise in equity markets and the recovery of the bond markets after the infamous mini-budget in 2023/24 have meant the School's investment portfolios have delivered sizeable investment income and gains by 31 July 2024. With central bank interest rates at their recent peak during the financial year, increased returns were also generated on the School's cash and working capital portfolios.

Finally, the latest revaluation of the USS pension scheme, which has moved its net position from a £14.1 billion deficit in 2020 to a surplus of £7.4 billion at the March 2023 valuation, has had significant impact on the School's finances. The improvement in the scheme has reduced member contributions from 21.6% of staff annual salaries to 14.5%. Recognising the inflationary pressures staff have faced in recent years and increased global competition for top-talented faculty, this reduction in contributions coupled with the School's strong operating financial model has enabled the approval of a significant Financial Reward Package to staff. The package includes a recurrent £1,300 payment for all staff and an additional 2.5 increments applied to faculty pay scales (over the course of 2 years). The removal of continued deficit funding contributions to the USS scheme has also reversed the £110.0 million provision maintained at 31 July 2023. This reversal has significantly improved the School's balance sheet; moving it to a net asset position of over £1 billion by 31 July 2024.

We welcome the increase in the home undergraduate tuition fee that was recently announced and hope that this marks the point when Government begins the process of addressing the significant funding shortfalls that UK Higher Education providers have suffered in recent years.

A small under-recruitment of full-time students in 2023/24 has slight negative financial implications for the current and future years. The School's Executive Masters programmes are taking longer than anticipated to get back to pre-pandemic recruitment levels, especially those which require a substantial amount of travel. These programmes will be reviewed over the coming year with a view to improve their financial health either through improved recruitment or identified cost and delivery efficiencies. Similarly, the School's Online courses have not grown as anticipated post pandemic; highlighting signs of a changing demand for online course delivery as well as increased competition in the market.

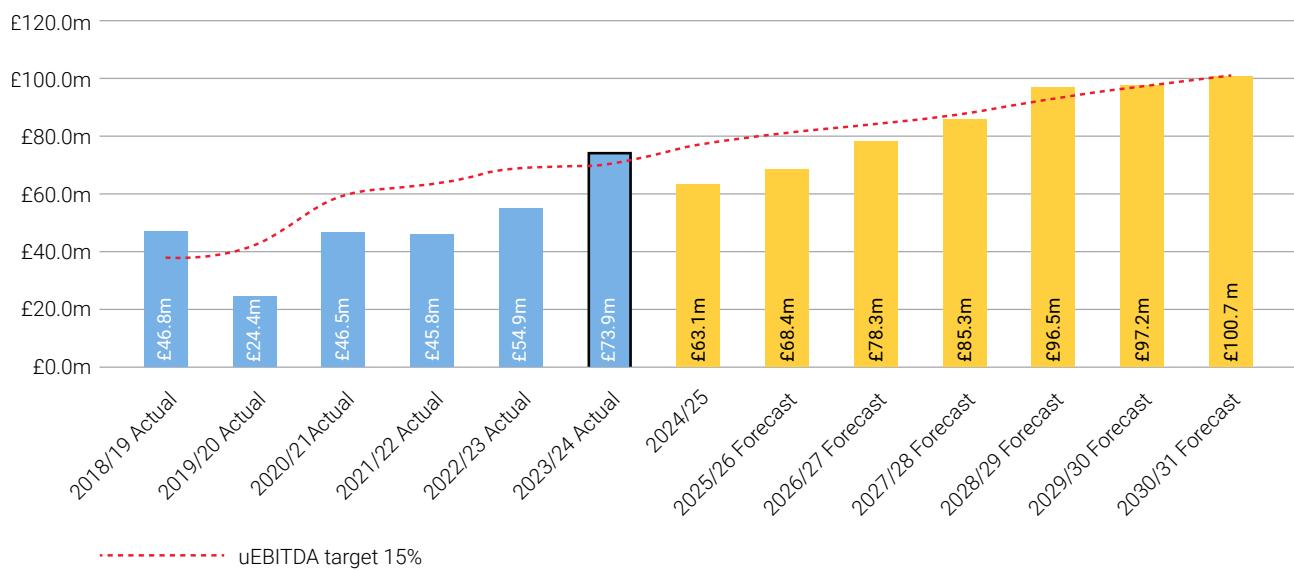
Fortunately, given the School's robust and prudent financial planning and budgeting, we have been able to continue our significant investment in the School's physical and digital estate. This investment aims to protect the educational experience we deliver to our students, support our world-class faculty's research, and support all our staff. Through this investment and as evidenced within this report, demand for our courses continues to be very strong as this report highlights. The School continues to maintain a strong position to manage the financial uncertainties we are facing and remain true to our guiding principles and vision.

	2023/24 £m	2022/23 £m	2021/22 £m
Total Comprehensive income/(loss) for the year	215.6	58.1	(22.6)
<b>Adding back exceptional items:</b>			
Pension provision movements	(113.5)	(9.0)	77.1
Change in the market value of investments	(36.7)	(5.0)	12.0
Movement in interest rate SWAPS	2.3	(11.9)	(11.5)
Endowments and donations recognised and received	(49.3)	(22.7)	(41.3)
Adjusted Comprehensive income for the year	<b>18.4</b>	<b>9.5</b>	<b>13.7</b>

## 2023/24 Financial Review

	2023/24		2023/24		2022/23	
	Unrestricted funds	Restricted or designated funds	2023/24		2022/23	
			Total	£m	Total	£m
Operating income	479.3	2.2	481.5	448.6	32.9	7.3%
Donations and endowments	6.2	43.1	49.3	22.7	26.6	117.2%
Total income	485.5	45.3	530.8	471.3	59.5	12.6%
Operating expenses	(411.6)	(21.6)	(433.2)	(409.1)	(24.1)	5.9%
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	73.9	23.7	97.6	62.2	35.4	56.9%
Change in US\$ past service deficit provision			113.5	9.0	104.5	1116.1
Depreciation			(17.5)	(16.1)	(1.4)	8.7
Interest and other finance costs			(12.4)	(13.9)	1.5	(10.8)
<b>Surplus/(loss)</b>	<b>181.2</b>	<b>41.2</b>	<b>140.0</b>	<b>339.8</b>		
Gains on investments			36.7	5.0	31.7	634.0
Change in the fair value of hedging financial instruments			(2.3)	11.9	(14.2)	(119.3)
<b>Comprehensive income for the year</b>	<b>215.6</b>	<b>58.1</b>	<b>157.5</b>	<b>271.1</b>		
<b>BALANCE SHEET</b>						
Fixed and intangible assets			758.4	721.8	36.6	5.1
Investments (Endowments & School)			375.9	342.6	33.3	9.7
Net current assets			192.8	166.2	26.6	16.0
Creditors over one year			(318.3)	(326.4)	8.1	(2.5)
Pension liabilities and provisions			0.0	(111.0)	111.0	(100.0)
<b>Net assets</b>	<b>1,008.8</b>	<b>793.2</b>	<b>215.6</b>	<b>27.2</b>		
<b>LIQUIDITY</b>						
<b>Operating cash generated during the year</b>	<b>58.5</b>	<b>27.7</b>	<b>30.8</b>	<b>111.2</b>		
Cash and cash equivalents			55.0	58.8	(3.8)	(6.5)
Investments			569.3	510.4	58.9	11.5
Loans			(271.0)	(275.6)	4.6	(1.7)
<b>Net funds</b>	<b>353.3</b>	<b>293.6</b>	<b>59.7</b>	<b>20.3</b>		
<b>STUDENT NUMBERS</b>						
Undergraduate			Nos	Nos		
Postgraduate – taught			5,846	5,983		
Postgraduate – research			5,498	5,515		
<b>Total Full-time student numbers</b>	<b>11,884</b>	<b>12,034</b>				
Part-time			489	510		
Others (visiting, executive)			1,344	1,374		
<b>Total Full-time, Part-time and other student numbers</b>	<b>13,717</b>	<b>13,451</b>				
London Summer Schools			7,974	6,582		
University of London International Programme – LSE programmes			9,517	10,093		
On-line			10,213	10,474		
<b>Total student numbers</b>	<b>41,421</b>	<b>41,067</b>				

## Actual and Forecast Unrestricted EBITDA against annual target



The School's preferred measure of financial performance for internal financial planning purposes is *unrestricted* Earnings before Interest, Taxation, Depreciation, and Amortisation (uEBITDA) less any significant donations that we have received in the year and any associated expenditure. This measure is designed to exclude the volatility that the receipt of a large gift can create and avoids a mismatch in subsequent years, when reporting expenditure funded by that gift. We have a medium-term target to achieve and sustain an uEBITDA of 15 per cent of unrestricted revenues. This is the level the Council considers necessary to ensure the School can:

- Continue, on a financially sustainable basis, to invest in the digital and physical infrastructure required;
- Cover capital and interest payments as they fall due;
- Maintain reserves to provide sufficient headroom to allow us to manage the risks that the current period of economic and political volatility presents.

## Financial strategy and financial sustainability

Each year, the School Management Committee (SMC) and Council approve a 10-year Financial Plan, prepared using a set of prudent assumptions and long-term financial metrics and targets. The Plan's sensitivity to these assumptions is assessed along with the current risks identified in the School's Strategic Risk Register to ensure we have a reasonable expectation of maintaining a sustainable long-term financial position. In accordance with our funding principles, any significant investments and associated returns are evaluated on a standalone basis and against this Plan before any decision to invest is made. This ensures rational financial decisions are made within a transparent and clear framework that is focussed on maintaining the financial sustainability of the School.

The 2024 Financial Plan covers financial years 2024/25 to 2033/34 and was developed during April and May 2024 and following an extensive review by the Financial Management Board and the Finance and Estates Committee, was approved by Council in June 2024. Exceptionally a revised version of the Plan was developed over the summer to incorporate a proposed capital acquisition which the School hopes to complete early in the New Year.

The 2024 Financial Plan includes five major areas of additional investment and expenditure:

- A major capital acquisition. Significant pay increases for all staff of £1,300 pa and provide all career track faculty with 2.5 additional increments over the next two years, a package costing c. £110 million over the next seven years.
- A substantial increase in our investment in fundraising to support our "Shaping the World" Campaign.
- Expansion in School-funded PhD scholarships to 100 places per annum.
- The establishment of the Global School of Sustainability supported by a donor's initial commitment of £25 million.

Alongside this, the Plan maintains our levels of investment in education, technology and people, the core elements of the School's strategy.

Like other universities we have faced a period of excessive cost inflation which is difficult to rapidly respond to as our single largest source of revenue, full time tuition fees can only be increased with 18 months' notice and the financial benefit lags the cost increases. This is further exacerbated by the continuing freeze in UK undergraduates who make up 24.9 per cent of our full-time student population but their fees now only contribute 10.0 per cent of full-time fee income.

Against this backdrop, an unrestricted EBITDA budget of £63.1 million (compared to the 2023/24 budget of £52.2 million) was agreed upon by Council for 2024/25 with a prudent forecast to reach our target for unrestricted EBITDA by 2028/29.

## Going Concern

SMC and Council have considered the going concern status of the School and are confident it is and will continue to be a going concern for the foreseeable future (defined externally as a period of at least 12 months from the approval date of these accounts). These accounts have therefore been prepared on a going concern basis.

In coming to this conclusion, SMC and Council have taken the following actions:

- Prepared detailed income and expenditure, and cash flow budgets for the 2024/25 financial year and forecast for the following year, taking due regard to sensitivity of income to student recruitment and extended education and other major revenues streams.

- Used the 2024 Financial Plan, which is prepared using prudent income and expenditure, cash flow, and balance sheet forecasts to ensure we have adequate funds to meet liabilities as they fall due and that all our banking and lender covenants are met throughout the period.

- Considered severe but plausible downside scenarios that the School may face in the foreseeable future and modelled how provisions within our financial planning could create time for management to consider, develop and implement strategies designed to mitigate these risks.

Noted the successful 2024/25 student registration round and level of applicants for the School's courses.

## Income

	2023/24 Total	2022/23 Total	Change	
	£m	£m	£m	%
Tuition fees	316.4	295.0	21.4	7.3%
Funding Council grants	26.8	29.1	(2.3)	-7.9%
Research grants	41.8	40.6	1.2	3.0%
Other income	84.7	76.0	8.7	11.4%
Investment income	11.8	7.8	4.0	51.3%
Total income before donations and endowments	481.4	448.5	32.9	7.3%
Donations and endowments	49.3	22.7	26.6	117.2%
<b>Total income</b>	<b>530.7</b>	<b>471.2</b>	<b>59.5</b>	<b>12.6%</b>

Total income before donations and endowments was £481.4 million, a 7.3 per cent increase compared to 2022/23.

Tuition fees increased to £316.4 million due to increases in postgraduate and overseas undergraduate fees coupled with a slight increase in overseas undergraduate and general course students. The 2023/24 Summer School continued to recover to its pre-pandemic levels, further contributing to the increased tuition fee income total.

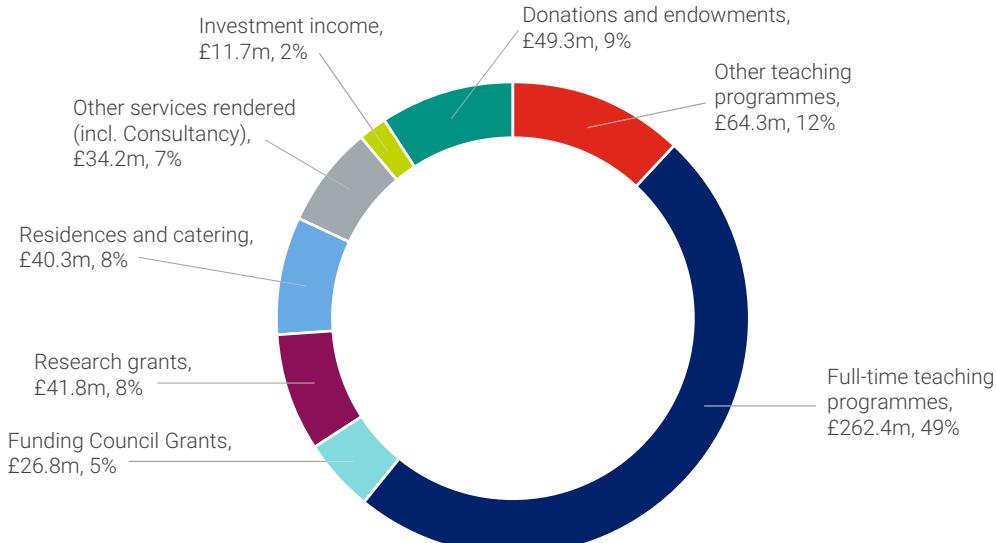
Research income continued to grow, an increase of 3.0 per cent to £41.8 million as the School Research Strategy continues to be embedded into operations.

The increase in Other Income is mainly due to the increased levels of occupation and activity in the School's halls of residences, particularly summer school and commercial residence bookings

outside of term time. We have also seen some growth in other grants – funding for academic work raised through the fundraising team and by the International Growth Centre; an institute largely funded by the FCDO but with a growing level of support from some major philanthropic foundations.

Donation and Endowment income rose significantly in 2023/24 to a total of £49.3 million (an increase of 117.2 per cent). This was primarily driven by the receipt of two £10 million tranches of a £50 million pledged gift to establish the Marshall Impact Accelerator as well as £8.0 million received out of a £20 million pledged gift from the Verdant Foundation in support of capital/facilities and research/faculty. What these figures do not reflect, are the pledges secured during 2023/24 of £124 million providing confirmation that the significant investments we have made and plan to make in fundraising are well founded.

## 2023/24 Income



## Students, education, and tuition fees

Demand for our full-time courses has continued to remain strong with 14.3 (15.0 in 2022/23) applicants per place for undergraduate study and 5.0 per place (5.5 in 2022/23) for postgraduate taught programmes.

Overall, our registered numbers decreased by 1 per cent to a total of 11,884 in 2023/24, a reduction of 150 compared with 2022/23, a year when there had been some recruitment more than target. Great care is taken by the School to avoid over-recruitment because of the impact it can have on the student experience. We are planning to maintain the full-time student population at a similar level over the next few years but where there is growth it will be accompanied by investment to maintain the best educational experience possible.

This approach and the School's overall educational experience has been recognised in several ways: through our improving NSS scores over the last few years and more recently; and for the first time as the "University of the Year" in the *Times* and *Sunday Times* Good University Guide. Our top ranking was based on LSE performing exceptionally well across a range of areas, including scoring highly on graduate prospects, research quality and continuation rates. We also saw improved scores for teaching quality and student satisfaction, which follow a longer-term, School-wide focus on excellence in education. In addition, the guide named LSE as runner up for "University of the Year for Graduate Employment", an area critical to our students and the continuing attractiveness of LSE as a place for students from around the world to study.

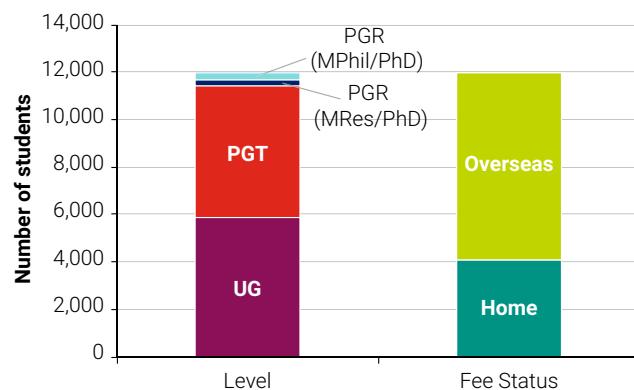
### Full-time students by domicile 2023/24

Full-time students by domicile* 2023/24	Student numbers
United Kingdom	4,241
China	2,048
USA	788
India	641
Hong Kong	310
Germany	307
Singapore	286
Malaysia	275
France	254
Italy	181
Canada	177
Netherlands	116
South Korea	110
Spain	103
Thailand	93
Japan	90
Switzerland	83
United Arab Emirates	76

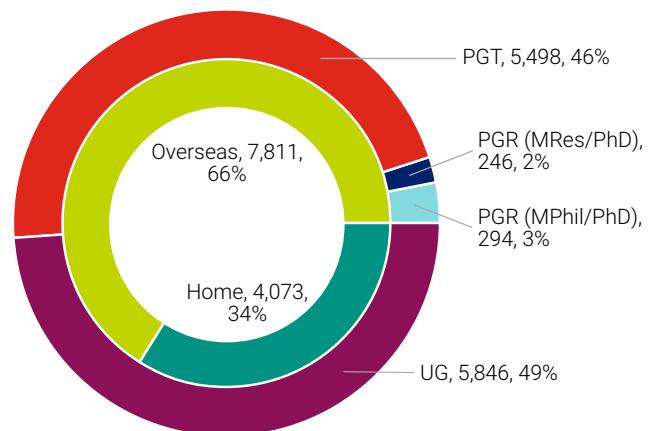
Full-time students by domicile* 2023/24	Student numbers
Pakistan	75
Turkey	73
Indonesia	67
Taiwan	66
Australia	65
Colombia	59
Greece	58
Chile	57
Poland	55
Brazil	52
Belgium	51
15 countries with between 20 and 50 students each	471
22 countries with between 10 and 19 students each	306
82 with fewer than 10 students each	250
<b>Total</b>	<b>11,884</b>

\*HESA category domicile data

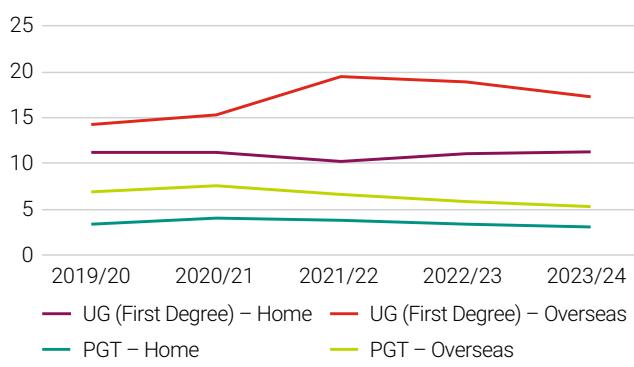
### Full time students in 2023/24



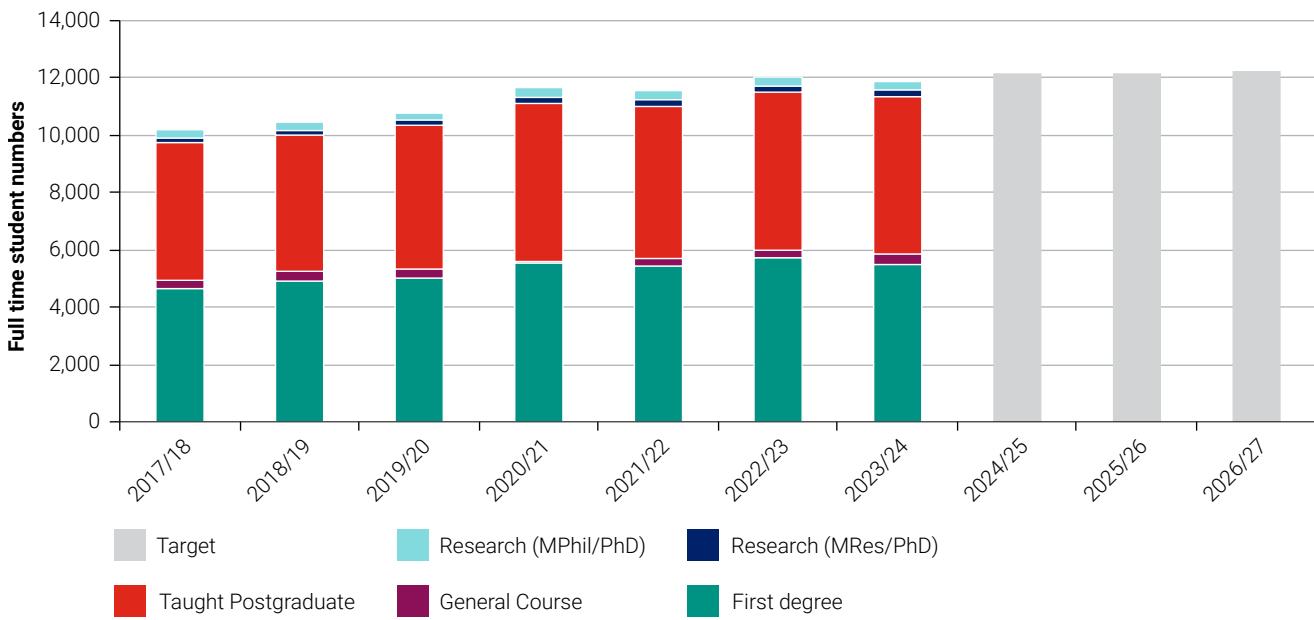
### Full time students in 2023/24 by level and fee status



### Applications per place



### Full time student recruitment and planned growth



## Financial support for PhD (postgraduate research) students

The School has two flagship funding schemes for doctoral students: our own LSE PhD Studentship scheme which supported 249 (2022/23: 270), fully funded students, across four years of study and the Economic and Social Research Council Doctoral Training Centre (DTC) and the Doctoral Training Partnership (DTP) schemes supporting a further 122 (2022/23: 138).

In addition, PhD students are funded by philanthropic support and other Research Councils, and some institutes and departments provide scholarships from their own resources. All these awards provide a stipend to cover living costs and the PhD tuition fee. They are awarded on academic merit and research potential and are highly competitive.

The combination of both LSE PhD Studentships and ESRC DTP Studentships means that 54 per cent of doctoral students enrolled at the School had full funding. Additionally, the School provides funds to support conference attendance and the writing-up period for all our PhD students. LSE continued to offer additional funds to support students impacted by COVID-19 in the form of extensions to their original funding packages where the pandemic impacted on their research.

## Financial support for undergraduate and postgraduate students

As part of our commitment to widening participation in higher education, in 2023/24, the School spent £20.8 million (2022/23 £21.3 million) from general resources on needs-based bursaries and scholarships for undergraduate and postgraduate students to enable them to study at the School. In 2023/24, in recognition of the significant challenges posed to students by the rising cost of living, the School increased the amount of funding available to current students with financial difficulties due to the increase in the costs of living and distributed £0.5 million to 358 students already in receipt of school funded needs-based financial support in the form of a one-off additional payment.

For UK undergraduates, the School continues to deliver on the commitments in our Access and Participation Plan with the Office for Students to widen access for students from specific under-represented groups. Home UK undergraduate students from lower-income households are eligible for bursaries up to the value of £4,000 per year for each year of study. In addition, we offer accommodation bursaries at our halls of residence and several philanthropic scholarships, including our recently launched Ugglia Family Scholars Programme. This comprehensive package of financial support provides a 50 per cent fee remission and generous stipend package of £16,700 per academic session for undergraduate students from BAME and under-represented groups. There are now twenty students supported by this programme with a further seven cohorts to be recruited over the whole ten-year agreement. This programme together with our outreach work and evolving approach to contextualised admissions, has resulted in increasing numbers of Home UK students from widening participation target groups enrolling at the School.

All incoming PGT students, are invited to apply for financial support and considered for central School funding through the Graduate Support Scheme (with awards that range from £5,000 to £15,000) as well as other LSE Scholarships generated by PAGE and long-term endowment funds held by the School.

UG International students are supported by the School funded Undergraduate Support Scheme (based on financial need for up to three or four years of study) as well as PAGE generated scholarships. These awards can range between a contribution of their tuition costs to full support packages for fees and maintenance.

## Careers support during and after LSE

A degree from LSE is internationally recognised and respected, and our graduates go on to pursue fulfilling and successful careers in a wide variety of sectors across the world. Employers value an LSE education because of the intellectual rigour of our programmes and the breadth of our students' experiences within and alongside the curriculum. Graduate outcomes data, the UK's principal record of employment outcomes for graduates from Higher Education, emphasises our student's success in the employment market. Of those responding in the latest exercise, 2021/22, 92.2 per cent were in work or further study. Of those who were employed, 96 per cent had secured "high skill" employment. While 64.4 per cent of graduates reported working in the UK, some 17.6 per cent were based in Europe, with 18 per cent working in the rest of the world.

In another key barometer of student success, LSE secured an Employer Outcomes score of 99.6 per cent in this year's QS World rankings, and having placed top in Europe for Employment Outcomes for graduates, achieved an Employability Champions award: Europe 2025.

LSE Careers prepares students for post-university life and success in the labour market by offering an extensive careers programme and opportunities to develop key skills. Support is provided through a core offer available to all, complemented by targeted activities delivered within academic departments and to groups with specific needs. Students have access to themed and sector-focused activities encompassing workshops, employer events, engagement with alumni as well as one-to-one discussions, work-based learning opportunities and a substantial portfolio of online information and resources. With much of the programme delivered in-person, they can choose to attend appointments online while virtual and hybrid events ensure contact with internationally based employers and alumni.

Our evolving programme reflects a dynamic employment landscape and emerging interests, ensuring that students and recent graduates can learn about and engage with professionals working in a broad range of careers. During 2023/24, sectors highlighted included Sustainability, Data, Tech, Creative Industries and Social Impact as well as those traditionally represented such as Public Sector and Policy, International Development, Finance, Law, and Consulting. Our annual flagship event, Discover International Organisations Day, continues to engage, and we welcomed to campus some 20 International Organisations including the World Bank, UNDP (United Nations Development Programme) and OECD (Organisation for Economic Co-operation and Development), all keen to share information about their organisations and discuss their opportunities with over 1,000 LSE Students who attended.

International students hoping to work in the UK are given specific help and we continue to develop our diversity and inclusion initiatives, directly supporting students from underrepresented backgrounds.

We lead the way with our international work, delivering a mix of in person and virtual events for students and alumni looking to work in various locations across the world, running substantial careers programmes focused on working in Brussels, China and the US and Canada. This year saw a pilot "Careers in India" initiative where we collaborated closely with PAGE and LSE Generate to organise events for students and alumni in Delhi and Mumbai.

Recognising the importance of work experience in securing employment, LSE Careers' fully funded work-based learning programme supports students with limited work experience and those seeking to build experience in sectors where paid opportunities can be hard to access. Our internal Graduate Internship Scheme offers opportunities for significant work experience across the School, allowing departments and divisions to access a talented workforce while benefitting from insights into the recent student perspective. We directly support several academic department-based internship schemes and, through our Parliamentary Internship Programme, provide opportunities for master's students to carry out paid work with MPs alongside their studies.

These paid, in-person opportunities are complemented by a virtual programme through which students can complete a series of online professional skills modules, specifically designed for LSE students. They are also able to collaborate with fellow students on short employer-designed projects, providing an effective springboard into longer, more in-depth experiences.

Our careers programme is designed to support students and alumni wherever they are in their career thinking and is underpinned by our career development cycle, a model which helps them understand and articulate where they are in their journey and identify the kind of support they need. In this way, we help them lay the foundations of effective ongoing career management, empowering them to continue to learn, grow and succeed. We continue to support our alumni for five years after they graduate.



## Extended Education – Executive Programmes, Short Courses and other non-traditional taught courses

Summer School 2024 was an overwhelming success, and saw 7,974 enrolments across the three sessions, a 21 per cent increase on 2022 and approximately 92 per cent of the pre-pandemic peak in 2019. The US remains our largest market, representing 51 per cent of all enrolments, with the UK our second largest, followed by India. A new Summer School pathway for EMFSS has been launched, which will be of benefit to both programmes, embedding Summer School study into the students' curriculum from the outset.

It has been another successful year for our onsite Executive Education, where 754 enrolments were achieved across 32 course presentations. This represents another record year for LSE Executive Education. Three new courses were delivered this year, Brand Strategy, Sustainable Finance and Impact Investing, and Financial Statement Analysis and Equity Valuation.

Our online learning programmes are a key part of LSE's Extended Education offer, delivering our research and teaching to a business, professional and practitioner audience more flexibly than traditional degree programmes. Our Online Certificate Courses have stabilised somewhat post-pandemic, recruiting 10,052 students in 2023/24.

In 2023/24 we launched our second CareerAccelerator (Digital Marketing), and we plan to launch a variant of our CareerAccelerator in Data Analytics in India, through a local partner. The first students are due to enrol on this in November 2024.

Our Masterclass in Ethics in AI, a three-week online course at a lower price point, was another success in 2023/24, helping the masterclass portfolio generate a fifty per cent increase compared with the previous year.

The EMFSS programme, delivered in partnership with the University of London, recruited 2,670 new students in 2023/24, giving a total population of 8,036, an 8 per cent decline on last year. This programme remains impacted by the situation in Russia. We have historically recruited around 500 students annually in Russia and the absence of this market continues to have a significant impact. We are working on building relationships with new teaching centres to replace the Russian students.

## Office for Students (OfS) and UK Research Innovation (UKRI) grants

The School's primary sources of direct public funding were OfS and Research England recurrent and capital grants. During the year, the School recognised recurrent quality-related research (QR) and Higher Education Innovation Funding (HEIF) grants for the

academic year of £22.2 million, Recurrent Research Capital Investment Fund (RCIF) allocations of £1.4 million and non-recurrent, supplementary and additional grant allocations of £2.7 million, a total of £24.9 million of block grant funding compared to £26.3 million in the previous year. The School continues to receive a reduced QR research grant allocation due to the revised formula Research England employed post REF 2021.

	2023/24	2022/23	Change	%
	£m	£m	£m	
Grants related to teaching (OfS)	0.5	0.3	0.2	55.2
Recurrent research grant (UKRI) and GCRF	16.8	18.0	(1.2)	(6.5)
Higher Education Innovations Fund (HEIF)	5.3	5.4	(0.1)	(0.9)
Other specific grants	4.2	5.4	(1.2)	(22.2)
	<b>26.8</b>	<b>29.1</b>	<b>(2.3)</b>	<b>(7.8)</b>

## Research and Innovation

The Research and Innovation ecosystem at LSE is vibrant, diverse and progressive. It encompasses structural and competitive funding streams to support the research and innovation lifecycle, from undertaking frontier-leading basic research through to generating meaningful impactful change and the commercialisation of our ideas and expertise. The introduction of the Research for the World Strategy in 2023 as part of the LSE 2030: Shape the World broader strategy, has identified strategic priorities for the School in relation to Research, Impact and Influence and outlines how LSE plans to enable and support world-class research across the social sciences, while having the widest possible impact. Delivery of these priorities has been initiated during FY 2023/24 and will continue to progress over the coming years.

## Research Grant Awards

This year, we report in terms of research grant awards:

- An increase in UKRI grants as we continue to receive grants through the Horizon Europe Guarantee
- Continued diversification of income sources
- Success rates for research grants by volume continue to be relatively high.

Large grants awarded during the year included:

- £3.5 million from the Kuwait Foundation for the Advancement of Sciences for the Kuwait Programme 2023-2028
- £2 million from the National Institute for Health and Care Research (NIHR) for the NIHR Policy Research Unit in the Economics of Health and Care Systems
- £5.5 million from the National Institute for Health and Care Research (NIHR) for the second phase of the Adult Social Care Policy Research Unit
- £1.2 million from NIHR to fund a research project looking at reablement models that best support people leaving hospital after an unplanned admission
- £1.8 million for the continuation of the ESRC funded What Works Centre for Local Economic Growth

- £2.2 million from the EPSRC, under the Frontier Research Guarantee scheme, to fund research into Innovation and the Environment (INNOENV)
- £2.0 million from the EPSRC, under the Frontier Research Guarantee scheme, to fund research into Challenges to Current Monetary Policy Thinking (QUANTMONPOL)
- £2 million from the MRC to fund a project entitled "Improving Adoption of Mental Health Interventions Among Low-Income University Students in Brazil".

Research grant awards have remained largely the same as the previous year, however, we have noticed a greater proportion of funding from Research Councils and national academies, and diverse funding bodies. This is an outstanding result given the delayed association of the UK to the EU Horizon programme.

Internally, the School has introduced themed internal seedcorn funding schemes, to support the development of applications for external funding to good success. In addition, internal structures to support grant development have been reviewed and refreshed across professional services with a focus on introducing additional resources for due diligence / trusted research, research culture and evaluation and analysis services.

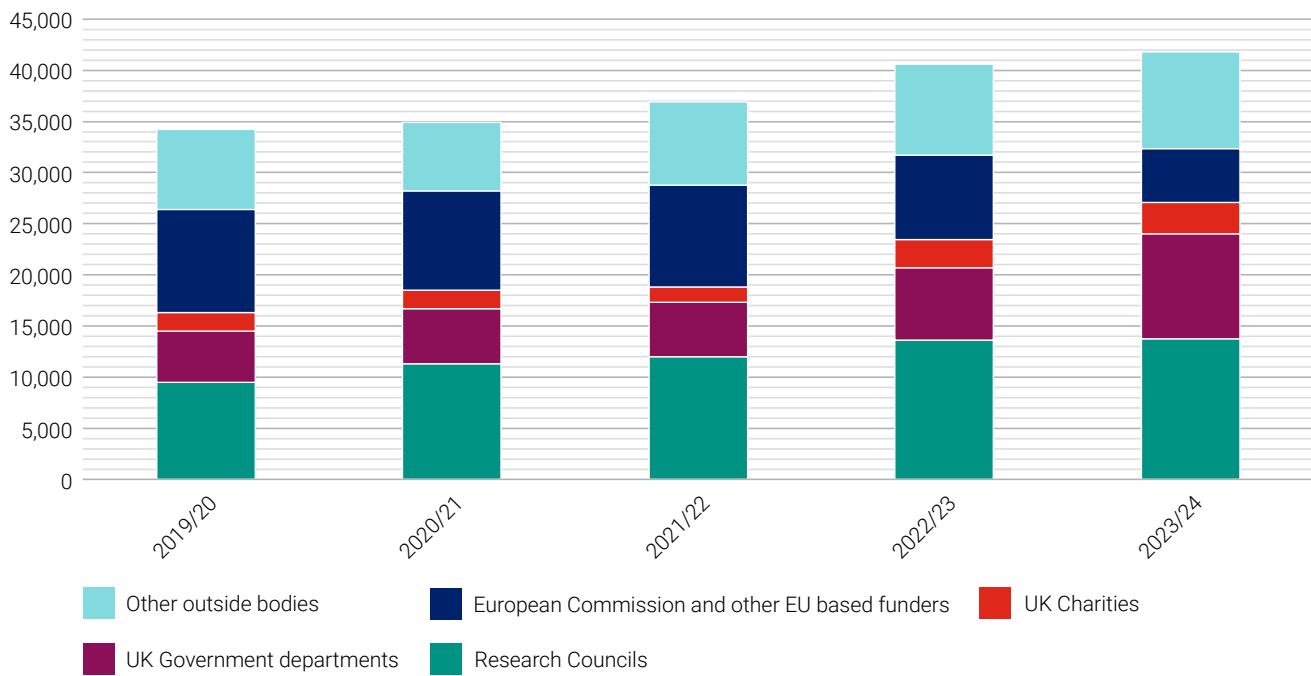
## Research Grant Income

For research grant income, we can report:

- Research Grant income of £41.8 million, an increase of 3.0 per cent from the previous year
- A continued trajectory of income growth over the past five years

The increase in research income is due to award success with UK Government bodies, UK Charities and other diverse income sources.

## Research income by Source (£000's)



## Innovation and Impact funding

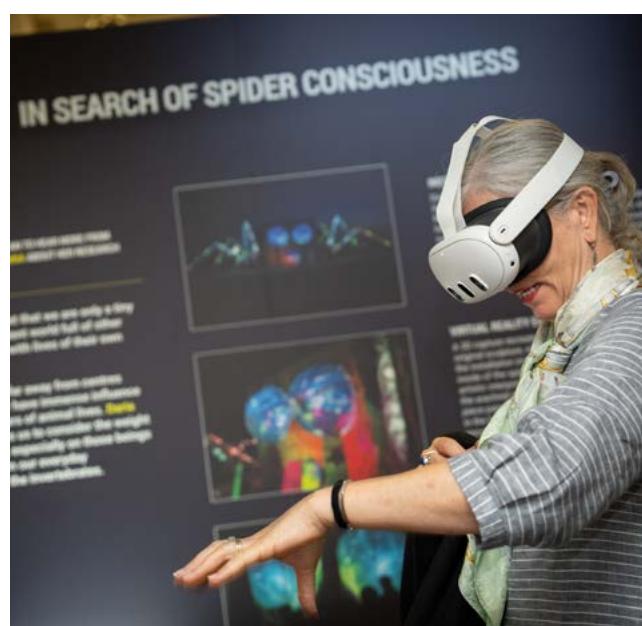
This encompasses both impact income as well as commercial research and innovation activities. This year we report on:

- An increase of 6.7 per cent in LSE Consulting and contract research income, which includes a new income stream associated with the Academic Speakers Bureau,
- Research England Connecting Capability Fund grants totalling £0.3 million as part of a larger award made to Oxford University for commercialisation activity
- ASPECT (A SHAPE Platform for Entrepreneurship, Commercialisation and Transformation) has successfully moved into a membership model, with LSE the lead legal entity for the network comprising 35 members across the UK and internationally
- Generate has scaled its school-programme to engage with over 3,000 students and the "Mentrepreneur" programme to 600 student participants across 25 schools. During the year it secured four grants totalling £88k to support its activities
- In KEF (Knowledge Exchange Framework) version three, LSE ranked as a leading university in three key areas of external engagement – Public and Community Engagement; CPD and Graduate Start-Ups; and Working with the Public and Third Sector.

LSE is developing impact activities, support, and recognition as a priority. This is shown by the creation of a new Academic Director of Impact role, which emphasizes the significance of impact within the Research for the World strategy. Professional Services support is undergoing structural changes to enhance impactful work. This work builds on the School's strengths in engaging the world beyond LSE with our research and knowledge, in the pursuit of our wider mission to contribute to the betterment of society.

## The Year Ahead

Further progression of the Research for the World strategic ambitions will be undertaken, including identifying opportunities for research and innovation income growth. A relaunch of the School's internal seedcorn pathways is planned to support the Impact and Influence pillars of the Strategy alongside the development of new outreach initiatives. Programme work will continue assessing and implementing a new research management system. There will also be an emphasis on supporting partnerships within the research and innovation ecosystem via new resource and strategic planning. Finally, a new physical space to support student and alumni entrepreneurs is underway which will have an exciting role to play in generating a positive impact on 'place' and localised businesses.



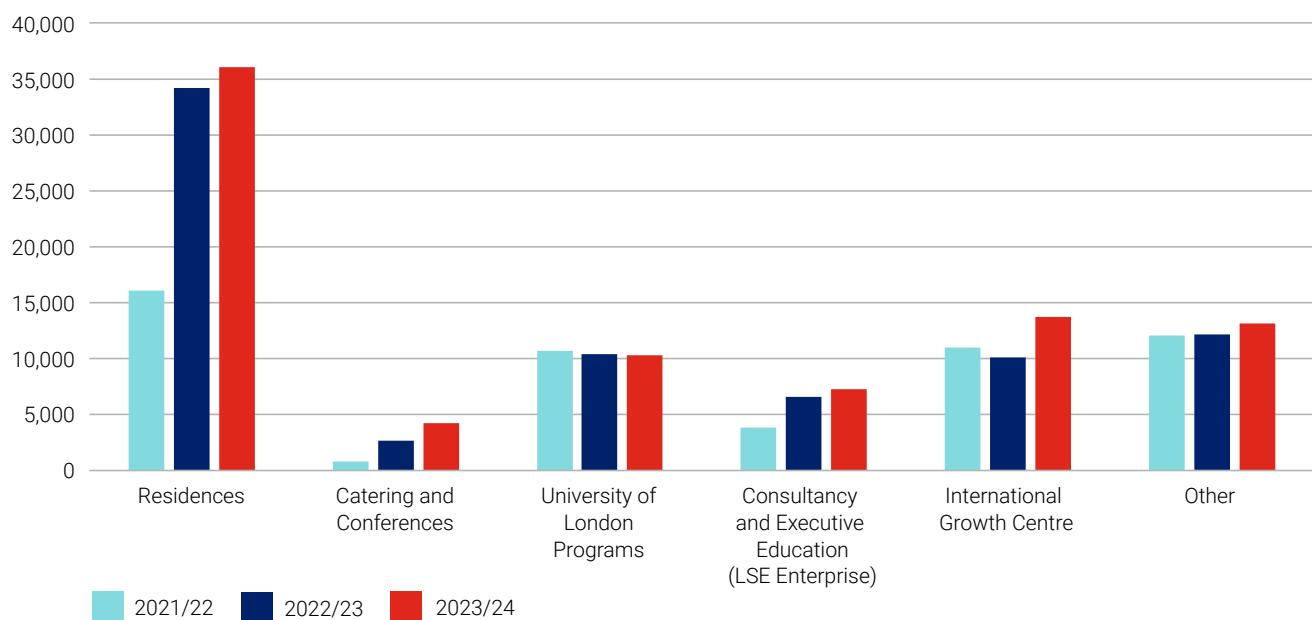
## Other income

In addition to our core activities, the School generates significant revenue from a range of other activities that are closely related to teaching and research. In 2023/24 we saw a return to pre-pandemic levels of activity in most of these areas with an 11.4 per cent increase to £84.7 million. The activities covered under this heading include the following:

- Our Residences and Catering services operate over 4,000-bed spaces at eight halls of residence, University of London halls, and with commercial partners. Unlike commercial providers of student accommodation, we can offer 38-week contracts to undergraduate students, making our residences far more affordable. This is something we have been able to do by generating income from commercial letting during vacation periods. Residences and Catering income grew by 9.3 percent year on year, to £40.3 million reflecting the increases in summer school and vacation letting.
- The International Programme which operates under a collaboration agreement with the University of London International Programme. Through these programmes, LSE academic material was taught to over 7,900 students world-wide in 2023/24.
- Consultancy and custom executive education activities delivered through LSE Enterprise Limited also grew by 10.3 per cent to £7.2 million.



### Other Income (£000's)



## International Growth Centre (IGC)

The International Growth Centre (IGC) is a global research centre based at the LSE with a network of world-leading researchers, country teams across Africa, South Asia, and the Middle East, and a set of global policy initiatives. IGC's research embodies LSE's motto "to know the causes of things" to provide robust academic evidence that informs policy decisions. Research seeks to accelerate learning about effective policies by providing robust evidence of what works and by reframing policy questions to open new approaches. IGC's in-country teams and global policy initiatives build long-term relationships with policymakers to better understand the development challenges they face and the questions they are trying to answer. The centre's focus is on inclusive and sustainable growth to tackle poverty. IGC's work supports governments in transitioning to resilient and low-carbon pathways to growth and in protecting vulnerable populations from the negative effects of climate change. Based at LSE and in partnership with the University of Oxford, it is majority funded by the UK Foreign, Commonwealth and Development Office (FCDO).

### 2.1 Map of IGC projects and events

Figure 1: 2023-2024 activity—projects and events



In September 2023, the IGC published *Innovation, growth and the environment*, an IGC white paper on sustainable growth. The paper sets out IGC's research agenda to inform policymaking for sustainable growth in developing countries. It is the product of the largest strategic exercise ever undertaken by the IGC, involving its research and country leadership in consultation with international collaborators in academia and policymaking. This landmark publication will be followed by the publication next year of four thematic Evidence Papers, that mainstream the sustainable growth strategy.

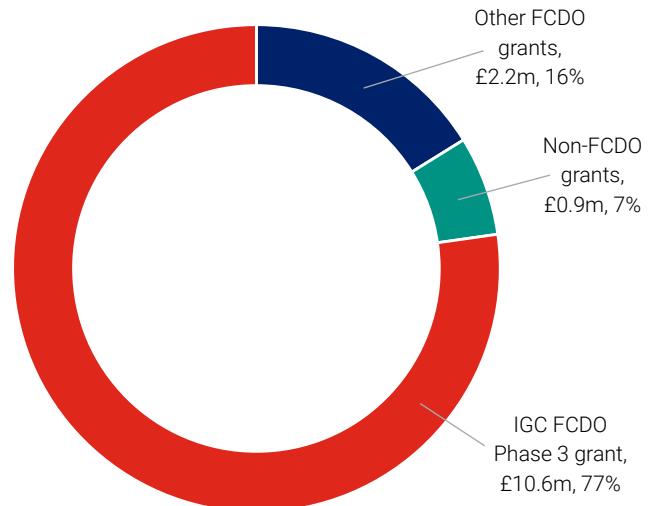
The IGC also provides robust academic evidence to inform policy decisions. Its research seeks to accelerate learning about effective policies by providing robust evidence of what works and by reframing policy questions to open up new approaches. This helps to strengthen existing policies, and enables the development of innovative and transformative policies in response to new challenges.

In 2023/24, the IGC achieved impact in the following areas:

- £5.3 million in research projects approved in Commissioning Board 9
- 113 high policy impact cases, of which 16 per cent led to substantial policy change
- Eight publications in top five journals
- 43 per cent of projects with local researchers funded through Commissioning Board 9
- 15 policy-relevant research outputs produced
- 438 media mentions of our activities
- 682,898 website views
- 241 blogs published by the IGC and Ideas for India (I4I), receiving 788,258 views

In 2023/24, the IGC generated revenue of £13.7 million (2022/23: £12.7 million), which increased due to higher commissioning under the IGC FCDO Phase 3 grant.

### 2023/24 IGC income generated (£m)



## Investment income

Investment income comprises interest and dividend income from the holdings within the School's investment portfolios received during the financial year. Investment income increased to £11.7 million (2022/23: £7.8 million). This reflects a full year of the benefit from the increases in interest rates during 2022 and 2023 and that the School maintained a high level of working capital in anticipation of the planned spend on the redevelopment of the Firoz Lalji Global Hub project.

Total realised and unrealised gains for the year were £36.7 million (2022/23 £5.0 million). The School's unrealised gains in investments relate to the change in market value of the School's investments in bonds and equities between 31 July 2023 and 2024 and are disclosed separately from Investment Income in the Statement of Comprehensive Income and Expenditure.

The School's equity invested portfolios benefitted from exposure to UK and Global equities which continued their recovery from falls after Russian invasion of Ukraine and the inflation shocks and rate rises that followed this. The main investment portfolios, which hold endowment funds and the School Fund had annual gains ranging from 8.6 per cent to 9.2 per cent, recovering significantly from

underperformance in 2023/24 against the CPI + 4.5 per cent target when we faced a sudden spike in CPI.

The School recognises the importance of effective and responsible investment and investment management, especially as we continue an ambitious programme to seek philanthropic support for the School. As part of that, during 2024/25 we are undertaking a thorough review of the School's Environmental, Social and Governance (ESG policy) and will be seeking input from all our stakeholders. Further detail on our approach to the investment and custodianship of endowments funds is set out in the Endowment Investment Performance report on page 44.

The "School Fund" is a portion of School reserves that have been set aside on a long-term basis to provide a "sinking fund" for the repayment of debt and leverage philanthropic support, enabling us to grow the Fund over time. It is also a critical part of our contingency planning. In the event of a major exogenous shock that directly impacts the School's ability to continue operating in its current mode, it will provide management with the time to implement any strategic adjustments to move towards a financially viable operating model. In this sense it is a basic pillar to ensure LSE's long-term sustainability.

	School general and designated funds £m	Endowment funds £m	2023/24 Total £m	2022/23 Total £m
<b>Income</b>				
Investment income	8.8	2.9	11.7	7.8
Total Realised & Unrealised gain/(loss)	17.7	19.0	36.7	5.0
Total return	26.5	21.9	48.4	12.8
<b>Holdings</b>				
Non-current investments	114.4	258.7	373.1	339.8
Current asset investments	193.4	-	193.4	167.8
Cash and cash equivalents*	55.0	-	55.0	49.2
	362.8	258.7	621.5	556.8
<b>Held as:</b>				
Cash and working capital*	55.0	-	55.0	49.2
Term Deposit	7.6	-	7.6	-
Capital Projects	185.8	-	185.8	167.8
Gift Matching	-	15.4	15.4	20.5
Growth Portfolio	-	206.6	206.6	182.7
School Fund Portfolio	111.4	-	111.4	101.4
FER	-	36.7	36.7	32.5
Shared equity housing loans & Property	3.0	-	3.0	2.7
31 July 2024	362.8	258.7	621.5	556.8
31 July 2023	321.1	235.7	556.8	

\*excluding balances held on behalf of TRIUM

## Philanthropic support

During 2023/24 the School continued to secure notable philanthropic and partnership income from alumni, friends and strategic partners. LSE received a total of £49.3 million in donations and endowments during 2023/24 (2022/23: £22.7 million), including receipts from pledges secured in previous years. New commitments (gifts and pledges) totalled £124 million.

Shaping the World, our major philanthropic and engagement Campaign, continues to drive forward philanthropic support for School priorities. At the end for the fiscal year, with the addition of these new commitments, more than £381 million had been raised, taking us past our original £350 million Campaign philanthropic income target, 12 months earlier than planned.

## Alumni and supporter engagement

In 23/24, 3,662 alumni volunteers contributed 26,362 hours across our programmes supporting current students and recent graduates, taking our Campaign total to 126,426 volunteering hours. Volunteering activity takes place in-person, around the world and remotely, via our AI-powered Ask an Alum platform connecting students with alumni worldwide.

Our on-campus Alumni Centre exceeded 10,000 individual visits from nearly 6,000 unique visitors. With 56 per cent of visitors based outside the UK, the Alumni Centre serves as a hub for our global community in London. Outreach activity around the world is supported by our network of 130+ alumni volunteer groups across 86 countries.

## Corporate Engagement

In 2023/24 £4.52 million was secured from external organisations, including 23 new organisational partners and five funding renewals or extensions into new projects. Some key highlights included supporting the launch of the Just Transition Finance Lab, underpinned by activities with our corporate partners who provided funding of over £2.23 million.

## Planning ahead

Having surpassed our intended philanthropic and volunteering targets for our Campaign, the School recalibrated the original LSE Campaign goals (income and volunteering) and associated priorities for the future that will deliver on strategic priorities. This has led to an increased philanthropic goal of £750 million and new volunteering goal of 300,000 hours.

To demonstrate the significant value of social sciences and LSE's offering in addressing the greatest global challenges, our Campaign emphasises five main interconnected themes: Democracy, Political Economy, Sustainability, Inequalities, and New Technologies.

## Fundraising statement

The School is registered as a levy payer with the Fundraising regulator, demonstrating our commitment to good fundraising practice and to abide by the Code of Fundraising Practice and Fundraising Promise. There were no complaint returns or adjudications and investigations in 2023/24.

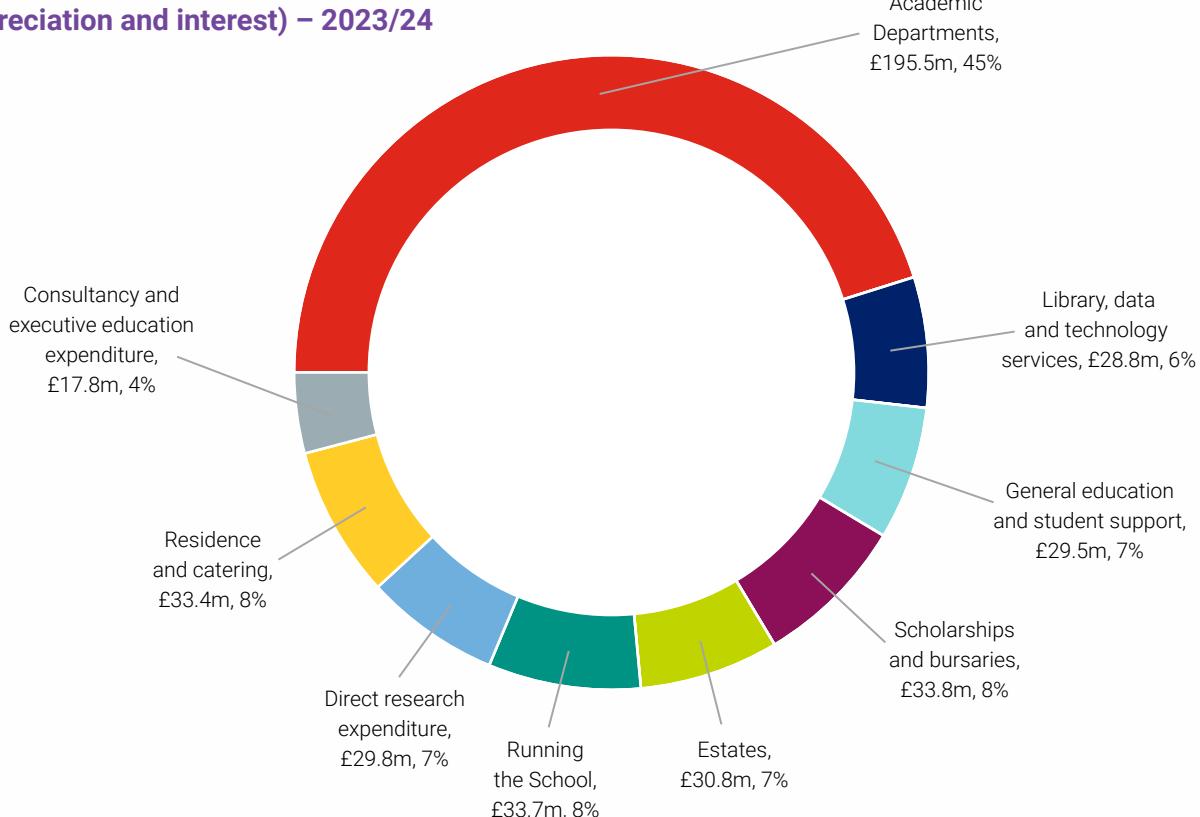


## Expenditure

Total expenditure, excluding the movement in the USS pension provision, increased by £23.9 million to a total of £463.1 million in 2023/24 compared to £439.1 million in 2022/23; a rise of 5.5 per cent. £12.5 million of the increase was from the year-on-year increase in payroll – a 4.8 per cent increase made up by the national pay award which ranged from 3 to 5 per cent awarded solely in 2023/24 (across pay bands) and planned increases in staffing, mainly in academic departments, fundraising, research support and student recruitment. The cost increase was partially offset by the reduction in USS employers' pension contributions from January 2024 onwards from 21.6 per cent to 14.5 per cent; an estimated reduction of £2.6 million in pay costs.

Non-pay operating costs increased by £11.5 million year on year (compared to £17.9 million between 2021/22 and 2022/23), a 6.3 per cent increase.

### Use of funds generated from income (excluding changes in pension provision, depreciation and interest) – 2023/24



#### Academic departments

Delivery and support of research-led student learning and teaching and student research projects. Includes academic and departmental support staff salary costs and resources.

#### Library, data and technology services

Includes IT and library resources provided by the School.

#### General education and student support

Includes counselling services, careers advice, Students' Union, registry, admissions and health services.

The elements that contributed to the non-pay cost rise are:

- The School's increased spending of scholarship of £2.5 million.
- The continued impact of the period of high inflation in 2022 and 2023, particularly in service costs such as software licenses and subscriptions.
- Utility costs, which contributed significantly to cost increases in 2022/23 appear to have stabilised for the time being, albeit at levels far higher than prior to the Russian invasion. Our increasing use of electricity over gas, because of the relative price difference per kWh has also contributed to this.
- Legal and other costs related to the staff strikes and their associated impact on student experience.
- An increase in the use of agency and self-employed contractors due to difficulties in staff recruitment.

#### Estates

Cost of maintaining and running the campus, teaching spaces, student support spaces, and sports facilities.

#### Running the School

Includes centrally managed services such as admissions, finance, human resources, communications, planning and strategy delivery.

## Procurement

Our procurement policies and processes are central to ensuring the School achieves value for money from its expenditure for all stakeholders. Although not legally required to comply with the Procurement Act 2023, we voluntarily adhere to its principles, including competitive tendering, regular benchmarking, and collaboration through the London Universities Purchasing Consortium (LUPC).

LSE's commitment to responsible and sustainable procurement is embodied in our comprehensive Supplier Code of Practice. This framework integrates our Sustainability Policy, Energy Policy, Modern Slavery Statement, Responsible Procurement Policy, and Environmental, Social, and Governance (ESG) Investment Policy.

### Strategic Partnerships

Electronics Watch: Our Director of Procurement serves on the board of trustees, supporting workers' rights in electronics supply chains. Electronics Watch uses public procurement leverage to promote and protect the rights of workers in global supply chains. Our affiliation includes collaboration with 1,514 public buying organisations across 12 countries to ensure compliance with labour and safety standards. The organisation coordinates worker-driven monitoring and remediation activities with civil society monitoring partners globally.

Net Positive Futures: Collaborating with over 60 UK universities, we monitor suppliers' progress toward Net Zero targets.

### Financial Performance

In 2023/24, procurement-influenced expenditure reached £141.5 million (2022/23: £135.5 million), reflecting a 4.4 per cent increase. We awarded 358 contracts (2022/23: 351), delivering annualised savings of £3.8 million (2022/23: £3.3 million), calculated against previous contract prices and market benchmarks.

Our strategic partnerships and adherence to robust procurement principles ensure that LSE remains at the forefront of responsible and sustainable procurement practices.

The School recognises its responsibility to meet contractual obligations in a timely fashion and to this end works to pay all approved invoices following agreed terms of payment. The School's standard payment terms are 30 days net. On 31 July 2024 the amount due to trade creditors was equivalent to 18.7 days of purchases compared to 15.4 days at the end of 2022/23.

## Pension schemes

LSE staff on salary band 6 and above are eligible to join the Universities Superannuation Scheme (USS). An "Exclusivity" agreement between the School and USS prevents the School from enrolling eligible staff in any other pension scheme. All other staff can join the Superannuation Arrangements of the University of London (SAUL).

The Trustee of each scheme must carry out a full actuarial valuation at least every three years to determine whether it has sufficient funds to pay the pensions promised, or a credible plan to recover any shortfall (via a deficit recovery plan which must, by law, aim to eliminate any deficit).

The actuarial valuations undertaken by the Trustee are calculated based on the level of risk the schemes' plan to take in the long term, in pursuit of investment returns (which part-fund pensions), expected returns and planned contribution income.

### SAUL scheme

The SAUL scheme provides pensions to staff at several universities and related employers in and around London on a collective basis. The latest full actuarial valuation for the SAUL pension scheme was carried out with an effective date of 31 March 2023 which showed a surplus in the funding position of the whole scheme amounting to £134 million (105 per cent funded) at the valuation effective date. As SAUL was in surplus on a Technical Provisions basis at that date, no deficit contributions were required. The next full actuarial valuation will be undertaken with an effective date of 31 March 2026.

In between full valuations, the Trustee undertakes a mini assessment of the financial health of the scheme and the latest funding check undertaken as of 31 March 2024 showed an increased surplus of £243 million (109 per cent funded) at that date.

The Employers' contributions for the Defined Benefit (DB) portion of the scheme are currently set at 19 per cent; decreased from 21 per cent on 1 September 2024 which was the rate over the 2023/24 financial year. The employee contributions for members have remained at 6 per cent of pay. Employees who commenced employment and joined SAUL for the first time after 1 April 2023 are enrolled into a new Defined Contribution (DC) section of the scheme for the first three years of membership. The Employers contribution rate to this section of the scheme is 16 per cent and members contribute 6 per cent of pay.

### USS scheme

The latest full actuarial valuation for the USS pension scheme was carried out with an effective date of 31 March 2023 identified a surplus of £7.4 billion on a technical provision basis; a funding ratio of 111 per cent. The next triennial valuation of the Scheme is planned to be undertaken with an effective date of 31 March 2026.

In between full valuations, the Trustee reviews the funding position of the scheme on a monitoring basis, which does not involve the same detailed review of all the underlying assumptions that occurs during the triennial full valuation. The interim actuarial assessment for the Scheme as at 31 March 2024 showed an increased surplus at that date of £9.2 billion.

In December 2023, a schedule of contributions was signed agreeing to future contribution rates as follows and removal of the Employer's deficit contribution rates.

### Employer contribution rates

For the period to 31 December 2023: 21.6 per cent of salary.

From 1 January 2024 onwards: 14.5 per cent of salary.

The scheme continues to maintain a suite of debt monitoring metrics designed to assure the Trustee that the financial covenants provided by member institutions were not being unduly downgraded by additional borrowing or reduced operating performance. The School has complied with these metrics for 2023/24.

Accounting standards required that a provision for the discounted value of future contributions to cover the deficit (identified in the prior year) is included in the balance sheet (note 20). As set out in the note, no deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis and as such, the provision of £110.0 million at 31 July 2023 was released to the Consolidated Statement of Comprehensive Income and Expenditure during 2023/24.

While the School is pleased with the Scheme's improved financial position, we remain concerned about potential deterioration if rates fall or investment returns falter. The School is dedicated to providing attractive and affordable pension benefits for all staff. We will work with USS and our stakeholders to explore options that offer better benefits at the same or lower contribution rates and ensure flexible, lower-cost options are available.

## Balance sheet

By 31 July 2024, School's net assets increased by £215.6 million (27.2 per cent) to a net value of £1,008.8 million compared with £793.2 million at 31 July 2023. Over half of this increase (£110.0 million) is due to the reversal of the School's USS deficit pension provision as the scheme was in surplus on a technical provisions basis per its latest actuarial valuation. The remainder of the rise relates to substantial investment of £36.6 million in the School's

physical and digital estate (net of depreciation and amortisation), investment income and gains of £48.4 million related to the School's working capital and investment portfolios as well as the underlying operating surplus achieved in 2023/24.

The Group is reporting a net current asset position of £192.7 million at July 2024 compared to £166.2 million at July 2023. This is due to the underlying operating surplus and net cash inflow generated in 2022/23 and the investment returns produced by the School's cash and working capital portfolios.

A year-on-year comparison of balance sheets presented within the table below highlights these substantial changes over 2023/24; the reversal of the USS pension provision, the investment income and gains generated by the School's portfolios and the continued investment in the School's estate and technological infrastructure and digital solutions.

	2024	2023	Change	
	£m	£m	£m	%
Tangible and intangible assets	758.3	721.7	36.6	5.1%
Non-current investments	375.9	342.6	33.3	9.7%
Non-current debtors	0.2	-	0.2	N/A
<b>Total non-current assets</b>	<b>1,134.4</b>	<b>1,064.3</b>	<b>70.1</b>	<b>6.6%</b>
Current asset investments	193.4	167.8	25.6	15.3%
Stock	0.5	0.4	0.1	25.0%
Debtors	53.2	50.7	2.5	4.9%
Cash and cash equivalents	61.3	58.8	2.5	4.3%
<b>Total current assets</b>	<b>308.4</b>	<b>277.7</b>	<b>30.7</b>	<b>11.1%</b>
Creditors: falling due within 1 year	(115.7)	(111.5)	(4.2)	3.8%
<b>Net current assets</b>	<b>192.7</b>	<b>166.2</b>	<b>26.5</b>	<b>15.9%</b>
Total assets less current liabilities	1,327.1	1,230.5	96.6	7.9%
Creditors: falling due after 1 year	(318.3)	(326.5)	8.2	(2.5%)
Pension provision	0.0	(111.0)	111.0	(100.0%)
<b>Net assets</b>	<b>1,008.8</b>	<b>793.2</b>	<b>215.6</b>	<b>27.2%</b>
Expendable endowments	112.0	108.7	3.3	3.0%
Permanent endowments	143.4	120.6	22.8	18.9%
Endowment reserves	255.4	229.3	26.1	11.4%
Restricted reserves	51.0	29.8	21.2	71.1%
General reserve	702.4	534.1	168.3	31.5%
<b>Total reserves</b>	<b>1,008.8</b>	<b>793.2</b>	<b>215.6</b>	<b>27.2%</b>

## Funding strategy

Our funding strategy was adopted by Council in 2017 when it approved the Statement of Funding Principles. This provides a framework for borrowing, investing, and applying surpluses to support the long-term development of our infrastructure to ensure it and the School's finances are sustainable. It is our strategy to fund capital development on a portfolio basis rather than a building-by-building basis, using cash flow and cash reserves to leverage external grants and donations and periodically raise funds through long-term debt. The School believes that it is appropriate to make use of long-term borrowing to fund the development of its asset base and uEBITDA to fund development of the technology infrastructure. Funding new facilities or major modernisation work using long-term borrowing ensures that the cost is borne by those who benefit from the investment in the future.

In 2022, the School successfully secured a £175 million sustainable private placement to a range of environmentally and socially sustainable initiatives at the School, of which to date £125 million has been drawn down. Consequently, during 2023/24, the School published its first Impact and Allocation report to 31st July 2023 relating to the proceeds of this private placement. The report was subject to an assurance review by DNV which confirmed that these funds (totalling £118 million spent to date) were spent on eligible green and social projects in line with the framework. A second impact and allocation report will be published to 31 July 2024 to cover the allocation of the remaining proceeds.

Furthermore, the School is currently considering issuing additional debt, under a green finance mechanism, to assist with its capital development program and in meeting its long-term sustainability goals. It is currently in discussions with funders on issuing this debt under its Sustainable Finance Framework (or similar) to ensure the proceeds are utilised on environmentally and socially sustainable projects.

## Cash, working capital and investments

The School's cash and investments comprise of cash (held in sterling, dollars and euros), bonds, equities, money market funds and property holdings. The School's Working Capital portfolios are held in line with the School's Treasury Management Policy with the aim of prioritising the security and liquidity of the funds to ensure the School can meet its operational liabilities as required.

The School's average cash and working capital balance held throughout 2023/24 was £236.3 million compared to an average balance of £216.2 million in the prior year. This high level of working capital is primarily due to the proceeds from the School's green bond issues from 2022 and 2023 which are invested in shorter term corporate bond portfolios (presented as current asset investments within note 15). These funds are earmarked for the planned redevelopment of the Firoz Lalji Global Hub project over the coming years.

Cash and working capital forecasting is an important aspect of our financial planning process. During 2023/24 there was a net cash inflow from operating activities of £64.8 million (compared to an inflow of £27.7 million in 2022/23). The increase in 2023/24 is primarily driven by the increase in donation income received including £20 million supporting the School's Marshall Impact Accelerator and £8 million in support of capital/facilities and research/faculty.

Additionally, the School retains access to credit facilities, available until 2025, should the need for additional short-term liquidity arise. Discussions are underway with various financial institutions to put in place a credit facility from 2025 onwards which are anticipated to conclude by the end of the calendar year.

The School's non-current investment portfolios have a longer-term outlook and are managed to ensure returns are maximised whilst operating within a set of risk parameters that are appropriate to the purpose for which the funds are held. Further details of the investment portfolio performance can be found on page 44.



## Capital expenditure

During 2023/24, a total of £54.2 million was spent on capital expenditure related to the construction of tangible and intangible assets. This expenditure primarily related to the following projects:

- the design and development of the Firoz Lalji Global Hub at 35 Lincoln's Inn Fields (£13.3 million). The Global Hub will be a new flagship centre for the School to better facilitate executive education, summer schools, short residencies as well as an annual events programme.
- significant refurbishment and electrification work totalling £15.0 million within the School's Old Building
- the strategic purchase of 51 Lincoln's Inn Fields for £8.4 million to expand the School's overall on-campus capacity to accommodate teaching and research in the long-term.
- £10.5 million spent on intangible software projects and solutions including the School's HR and Payroll Transformation programme, its Course Selection and Timetabling Change project and its Identity and Access Management programme.

The development of the School's new residence at Glengall Road continues. The brand-new 15-storey hall of residence will provide 676-bed spaces, with facilities including a gym, courtyards, roof terraces, shared kitchens, a cinema room, laundry room, amenity space and staff offices is due to open in 2025. The project is structured as a partnership with LSE holding a minority 19.9 per cent of the equity in a special purpose vehicle, Spark Living (LSE Glengall Road) LLP, which has purchased a long lease on the site from the School. Once opened and operating the School will have the right to annually nominate beds and we plan to run the hall as a postgraduate residence. The School's shareholding in Spark Living is held via intermediary subsidiary companies and disclosed in note 13. The payment for the long lease on the site is treated as Deferred Income in note 18.

The School has continued to progress with plans regarding the redevelopment of Bankside Hall, a residence located behind Tate Modern in Southwark. This offers the opportunity to add c.1,200 bed spaces which will be key to meeting the School's strategy to deliver 6,000 bed spaces. Following an extensive tender process the School selected as partner a consortium of Equitix and Bouygues – both have extensive experience in student

accommodation development. In April 2024, following a selection process run jointly with the School the Partner appointed Carmoady Groarke / Sheppard Robson as the architects for the scheme. To date an initial brief and design has been developed with additional planning and detailed RIBA stage 2 design work scheduled over the coming year. The Bankside development is expected to be funded through an arrangement with a funding partner. The partner will handle the design, construction, and operation of the hall according to a specification and framework established by the School. The School will retain the rights to nominate beds annually. This scheme will be one of the largest student residence developments in London and is currently slated for opening in 2031.

It is worth noting that the School reports fixed assets at cost less accumulated depreciation. After careful consideration, we have concluded that while the market value of the School's estate is significantly higher than book value, to show all or some of the properties at market value would not offer the reader of these statements any greater insight into the School's operations. Had that approach been taken we estimate that the value of the School's freehold and leasehold property would be approximately £1.4 billion. The option to adopt a revaluation policy remains available and is reconsidered periodically.

## Taxation

The School is an exempt charity within the meaning of the Charities Act 2011 and recognised as a charity by HM Revenue and Customs. Our commercial trading activities are undertaken through subsidiary companies.

Indirect tax (VAT) and payroll taxes collected and paid to HMRC (PAYE, National Insurance contributions and Apprenticeship Levy charges) amounted to £18.0 million and £79.5 million respectively.

LSE is committed to ensuring that it continues to meet its responsibility for governance, risk management, and decisions made in relation to taxation. We aim to comply fully with our legal obligations and engage openly with tax authorities and other stakeholders whilst also effectively managing the School's and its staff's tax expenses. Our latest tax strategy is published on the School's website.

## Strategic Risks

### Understanding our risks

The vision articulated in LSE 2030, of sustaining excellence through an inclusive and diverse community, extending our impact and reach, and ensuring a sustainable future, will always carry certain risks. Effective risk management helps to achieve these strategic objectives, whilst protecting the School's stakeholders, reputation, and sustainability.

### Risk management processes

The School Management Committee (SMC) monitors and reviews emerging and changing risks throughout the year. These processes are reviewed by Audit Committee, with Council informed regularly as part of the President and Vice Chancellor's report.

**The Strategic Risk Register** acts as the main tool for the evaluation of risk and aligns with LSE 2030 through the dashboard targets. The management of each strategic risk is formally assessed by the risk owner at least once each term and reviewed by the SMC, which ensures that the risks are being actively managed, with the appropriate strategies in place.

Each strategic risk is graded with a level of risk tolerance. Once tolerance has been defined, SMC evaluates what action needs to be taken to address the risk. The School's approach is to minimise its exposure to reputational, compliance and financial risk, while accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its tolerance for risk varies according to the activity undertaken.

Strategic risks are now evaluated along with the most pressing or relevant endogenous and exogenous risks mapped across three further central registers:

**The Political Risk Register** evaluates the exogenous risk environment to the School, by examining the risks posed by changes in UK government policy, as well as the impact a more febrile international political landscape may have on the LSE's sustainability.

**The Business Model Risk Register** evaluates exogenous and endogenous risks to the School's business model, considering the impact on the Financial Plan posed by external factors such as UK government funding cuts, a potential global recession, recruitment markets, and internal factors like the costs involved with such major undertakings as improvements to existing information architecture.

**The Operational Risk Register** evaluates endogenous risks arising from the School's processes and systems, including IT security and travel safety.

Key operational risks in academic departments and service areas are identified and managed at the appropriate level within the organisation. Internal Audit undertakes reviews of key areas throughout the year, and these are reported to the School's Audit Committee.

All major projects have individual risk registers and risk assessment is incorporated into planning and decision-making processes. Risk assessment training and awareness is promoted through the management structure by the Strategic Risk Manager.

### Changes at home and uncertainty abroad

Changes have marked the last year, with the School welcoming a new President, and an incoming Labour government offering a new perspective on the higher education sector. As these local changes

take place against an international context rife with unrest and uncertainty, the risk environment continues to be at the forefront of LSE decision-making related to its core objectives for education and research. In terms of student recruitment, the School is looking to diversify its model to cover a wider range of international markets, at the same time as continuing to develop its focus on philanthropic development and the Extended Education portfolio. And while attendance on the School's Summer School programme has improved since the Covid-19 pandemic, the threat posed by increasingly strong competition both in the UK and abroad, and the emergence of private providers remains an issue that will be monitored carefully in the coming years.

The School continues to face serious competition to recruit and retain its best faculty. To mitigate this risk, the School Management Committee agreed a Financial Rewards package, representing an investment in staff of £100 million over seven years. The Research Strategy addresses such risks to research as the loss of access to EU funding, increased internal competition and substantial reduction in QR funding, the government focus on STEM, and the erosion of research time. Work on support and incentives for externally funded research also mitigates these risks, particularly given the long-term uncertainty to the funding model for social sciences. In terms of reward and retention of staff, a pension continues to be an important element in the offer the School makes to its employees, and LSE remains committed to contributing to positive engagement in Scheme reform for USS, to ensure the pension remains affordable for our staff.

Key to risk management is to understand how exogenous developments have an impact on internal structures and processes. The School is monitoring developments in artificial intelligence carefully, balancing the risks relating to education with the opportunities for service delivery, while developing further work on the risks posed by sustainability and climate change. Added to these issues, the global instability caused by both the ongoing war in the Ukraine and the conflict in Israel and the Occupied Palestinian Territories has added to a raised level of exogenous threat. The impact of the latter conflict on the School's community has been profound, with campus relations necessitating a thorough evaluation of health and safety risk. The School will continue to put the safety of its community at the core of its operations.

Further operational risks include the continued threat to the IT estate from cyber-attacks, with the School's new Chief Information Officer tasked with continuing the implementation of the Technology Strategy. In terms of operational efficiency, a renewed focus on more stringent budgetary review and operational planning process – with the risk framework acting as the key metric for the allocation of new resources – mean that the School can ensure value for money and consistency of allocation of resources across all its professional services. The development of the functional review process has ensured a more in-depth look at remedial actions for stressed operational activities.

Through this period of prolonged exogenous shock, the continued uncertainty will doubtless bring short- and medium-term challenges and the School will need to take a strategic view of the threats and opportunities to generate positive longer-term outcomes. Remaining true to our mission, we intend for LSE to remain at the forefront in understanding, forecasting, analysing, and explaining these changes, as they occur.

## Equity and diversity

The School aims to create an inclusive environment where all students, staff, and visitors feel safe and respected, regardless of their protected characteristics. In collaboration with the HR and Governance teams, we have identified and implemented a comprehensive programme of work to tackle harassment and safeguard our community.

Key areas of activity in advance of the next academic year are:

- Purchasing and implementing a new reporting, case and content management system (Report + Support) which will transform our approach to management of all cases, from first report through to investigation and outcome.
- Commissioning a new specially trained support and advice for any victims of sexual misconduct – this is in addition to the specialist services we already commission from our local Rape Crisis Centre and Survivors UK.
- Developing new all-staff training on recognising harassment and sexual misconduct and how to take disclosures from students or staff.
- Reforming our Consent Education programme for students, with the aim of all 7000 new entrants to the School receiving both online and in-person training at the start of the 24/25 academic year.
- Implementing specific training for investigators and disciplinary panel members in trauma-informed practice in July 24.

On more general EDI and anti-discrimination matters, the EDI team has reviewed the current training offer. Based on this review, they have created a comprehensive list of e-learning to be provided in the upcoming academic year. They function as a "playlist" which staff can navigate around at their own convenience.

The LSE institutional Athena Swan framework and action plan is based on four key aims which align with LSE 2030 strategy:

Aims	Actions
Ensure women are being promoted at the same speed as men	Address the burden of pastoral support, increase the transparency and clarity of the promotions process.
Increase the overall proportion of women in academic roles	Continue to ensure vacancies are advertised widely and transparently. Promote family-friendly and flexible policies.
Address issues of bullying and harassment and ensure that incidents that do occur are reported and well-handled	Implement measures, communicate, and promote relevant tools and programmes such as Report it stop it.
Support and encourage LSE departments to apply for their own AS awards	Provide information, advice, and guidance on the AS process. Provide mechanisms for departments to share good practice.

The Race Equity Framework at LSE builds on existing efforts, expanding actions and maintaining focus and accountability to advance race equality. Organised into three pillars – Education, Research, and Our People. We re-launched the Race Equity Innovation Fund in 2023, which grants between £3,000 to £4,000 for innovative race equity projects to promote inclusivity encourage innovative approaches in tackling racial inequalities and to empower marginalised communities. We were pleased to award funding to four staff and student-led projects.

To provide a new strategic framework to take our work on disability equity forward for staff and students, we have established the "Disability @LSE Working Group" which is tasked with assessing the current state of equity and accessibility for disabled staff and students and making recommendations to the Inclusion Management Board.

LSE has implemented several initiatives to support LGBTQ+ staff and students. The EDI Team's LGBTQ+ Action Plan, launched in 2022 focuses on six key areas identified through consultations with the SMC and LSE community; including education, communications, policies/practices, community engagement, safeguarding and monitoring impact.

LSE continues to engage with its community, incorporating input from students and alumni into action planning. Projects such as the new Gender Expression Fund, developed in collaboration with the Students' Union, are vital in understanding and addressing the needs of LGBTQ+ staff and students.

The creation of the new Hall-Carpenter Room in the Saw Swee Hock Building, in partnership with the LSESU, offers a unique dedicated and inclusive environment where marginalised groups within the School community can come together, engage in activities, and build connections.

LSE's equality staff networks listed below, and the Students' Union play a crucial role in developing good relations and supporting our EDI efforts. A few examples of the events organised this year are as follows:

- **DAWN and Parents and Carers** – Event on neurodiversity, work and parenting.
- **DAWN, EmbRace and Spectrum** – Examining the unique experiences of disabled people from queer, neurodivergent and POC backgrounds.
- **EDI Representatives** – Sexual Harassment and Sexual Violence Policy Workshop.
- **EmbRace and LSE Power** – Black History Month: Special Book Club.
- **All networks** – International Day of Staff Networks event.
- **Parents and Carers, LSE Power** – A talk on Step-parenting on Stepmothers Day.
- **EDI Representatives** – Upcoming workshops on decolonising the curriculum, everyday ableism, neurodiversity and LGBTQ+ language.
- **LSE Power (Gender Allies)** – Women's History Month: Engaging Men in Feminism and Violence Prevention.

The School has actively complied with its responsibilities under the Equality Act 2010 and the General and Specific Duties of the Public Sector Equality Duty. Key reports which demonstrate compliance are:

- Our equity data and information report for academic year 2022/23 (a year in arrears given the lag in the official HESA data publication).
- Our report on progress towards meeting the aims of the General Duty covering academic year 2023/24.
- Our gender pay gap report for 2022/23.
- Our current equality objectives (subject to review, to be updated in Autumn Term 2024).

## Public benefit statement

As an exempt charity, LSE is responsible for ensuring its work provides public benefit. The School's Articles of Association set out: 'The Object of the School is to advance education, learning and research for the public benefit'. Delivery for the public benefit has remained core since the School's foundation and is underpinned by the strategy, LSE 2030.

Council members, as trustees, take regard of the guidance on public benefit, as published by the Charity Commission, in exercising their powers and duties.

## Access and Participation and Widening Access

During 2023/24, we invested £6.7m in supporting UK undergraduate students from under-represented groups to access and enter higher education, including at LSE. This encompasses delivering pre-entry outreach programmes and tailored student recruitment activities, assessing applicants using our holistic contextual admissions process, and the provision of comprehensive financial support.

The LSE Widening Participation team works with young people who face barriers to success in their primary or secondary education or are from groups currently under-represented in higher education. The team delivers a range of events and programmes to help raise educational attainment, inform school and college pupils about higher education and support them to make informed choices about their educational future.

Collaboration is vital to our widening access approach and in 2023/24, we were delighted to continue our fruitful partnerships with several sector-leading organisations including Advancing Access, The Brilliant Club and The Sutton Trust. Current LSE students work as mentors, tutors and ambassadors to deliver inspiring activities and share advice on our programmes.

We engaged with over 1,030 young people throughout the last year. Our activities reached pupils from 416 different schools and colleges, 38 per cent of whom were eligible for Free School Meals and 68 per cent from areas of high socioeconomic deprivation.

Our long-term widening access programmes continue to deliver positive outcomes for participants. Our pilot widening access programmes launched in 2022/23 have seen their first cohort of young people take part and get ready to start their university journey. LSE Springboard is a ten-month programme giving young people living outside of London and the South-east the chance to experience academic study at university and life as a student in the capital. Before the programme only 51 per cent of participants reported that they knew what studying at university would be like, this jumped to 97 per cent after completing LSE Springboard.

LSE is committed to recognising the academic potential of our applicants and uses contextual admissions to assess their achievement and potential, whilst recognising the challenges they may have faced in their educational or individual circumstances. Colleagues help students through their application and admissions journey, offering support such as a travel fund for Open Days and tailored webinars for specific groups of students.

## Financial support

LSE is committed to ensuring no one is deterred from applying because of financial considerations. Tuition fee income is top-sliced to provide a generous scholarships budget, with schemes in place to fund undergraduate and postgraduate students.

The School's Access and Participation Plan builds on past success, committing a substantial portion of fee income on measures to support the access, success and progression of UK undergraduate students, including generous financial support packages. The LSE Bursary package makes awards of between £500 and £4,000 per year to UK undergraduates with low household incomes. In 2023/24, £3,022,300 of bursary funding was distributed to 881 students, representing 31 per cent of our overall UK UG population. This is supplemented by the LSE Accommodation Bursary, which assists students from lower-income households with Halls of Residence fees, with awards between £500 to £2,500.

Overseas undergraduates and taught postgraduates from all backgrounds can access additional School schemes which provide awards with a range of values, assessed on financial need. There is a separate and extensive scheme for PhD students, through which we support approximately 85 new research students each year. In addition, we have a range of scholarships funded by external donors and foundations, which support study at all levels.

To assist with the increase to the cost of living, in 2023/24 extra financial support was given to all UG and PGT students who had been previously awarded funding based on financial need.

## Advancement and Learning

The LSE Library is one of the most outstanding social sciences libraries in Europe, with designated status as a national research library as the British Library of Political and Economic Science. It is open to everyone interested in studying and researching the social sciences.

### Public events and school programmes

The Library provides an extensive range of activities and services for staff, students, schools, and the public to facilitate learning and engagement with its nationally recognised collections. The programme of free workshops, public talks, exhibitions and resources draw on the stories within our archives and special collections. The Library collaborates with LSE departments, academics, researchers, writers, performers, artists, and related organisations to deliver its programmes.

There were two public Gallery exhibitions in 2023/24 with nearly 18,000 visitors: "Resistance, Rights and Refuge: Britain and Chile, 50 years after the Chilean Coup" and "A Say in the End of the World: Solidarity and Nuclear Defence in the Cold War." An online exhibition, "The Swing of the Pendulum: A History of UK General Elections" was launched for the LSE Festival and the July General Election.

The Library delivered 35 free public events, covering the breadth of themes within LSE collections, and with over 2000 people attending. Events included the Lansbury Trust Memorial Lecture by Lord Dubs on Britain's response to refugees and a celebration of the Women's Library collections with our 'Library Late' evening of research talks, tours, a creative workshop and pop-up exhibition for over 200 visitors.

Our learning programme for schools has welcomed 24 schools and 838 students (primary and secondary level) for either archive workshops or an EPQ (Extended Project Qualification) research workshop. The workshops drew on themes, including peace activism, campaigning, women's liberation, LGBT+, NHS and the welfare state, and economics from the collections.

We have provided archive workshops to over 1,000 students from other UK and US universities, providing opportunities to study unique materials. We also hosted two study placements for the first time: an undergraduate 'Writer in Residence', from the Royal Central College of Speech and Drama and a postgraduate, studying an MA in Public History at Queen Mary, University of London.

The Library's 22 free education resources on the Times Educational Supplement (TES) teachers' website continue to be in demand and have been downloaded over 17,000 times.

### Archives acquisition programme

The LSE Library has ensured that several unique collections of national significance have been saved for the benefit of future generations, including the archives of:

- Ruth Christmas (1904-2001), pioneering woman runner and the first-ever British national women's 800-metres champion.
- David Faulkner (1934-2020), civil servant, academic and author. Papers relating to Home Office discussions in 1982-1992 on the criminal justice system and penal policy.
- Gladys Mitchell (1901-1983), novelist. Letters to Muriel Gunn, 1923-1927 and 1977-1981, donated by Muriel's son Jolyon.
- Audrey Slaughter (1929-2020), pioneering magazine editor. Complete set of all the magazines she created, including Honey, Petticoat and Over 21, three of the most successful titles of the new age of magazines in the 1960s and 70s
- Evangelical Fellowship of Lesbian and Gay Christians, a support network for lesbian and gay Christians from an Evangelical background
- General Election 2024 leaflets produced by a wide range of candidates standing in the July 2024 general election.

The Library purchased several items, including a rare edition of Charles Booth's Labour and Life of the People in London, official souvenirs of suffrage mass meetings in 1906 and 1908 and a Women's Social and Political Union brooch designed and made by metalworker and enameller Ernestine Mills.

Additional material was also added to the following collections: Peter Braude, Green Party, Richard Titmuss, Antony Grey, Economic History Society, Women's Environmental Network, Broken Rites, Movement for the Ordination of Women, Sally Alexander and National Women's Register.

### Digitising programme

Digitised collections provide researchers, students and the wider public with free, remote access to a growing collection from LSE Library's unique archives and special collections. Notable collections added to the LSE's Digital Library in 2023/24 include:

- George Lansbury Archives (entire archive digitised)
- Urania Journal (1919-1940), a pioneering journal in the LGBTQ+ movement
- Matteotti documents
- Rates and rateable values in England and Wales (1923-1976)
- LSE Anthropology Photos
- Additional volumes of the Cavendish-Bentinck Pamphlets

### LSE Press

LSE Press is the School's open access publisher of monographs, edited collections, textbooks and journals. Open access publishing recognises that research is a public good and allows us to share findings with a wide range of audiences across the world, free of charge to the reader. Further, our equitable business model also allows us to publish without the author facing Article Processing Charges or Book Processing Charges, common in the publishing industry. During 2023/24 LSE Press published four books and began publishing the first articles in our new journal, the *Philosophy of Physics*. In total, LSE Press books and journals have been accessed over 650,000 times from over 150 countries.

This year, David Luke's edited collection, *How Africa Trades*, won the Business Council of Africa's "Business Book of the Year". Our launch event for "How Did Britain Come To This?" became the most viewed video on LSE Live, with over 229,000 views. We acquired two new established and prestigious book series: the Royal Geographical Society's monograph series, and the LSE Monographs in Social Anthropology Series (originally launched in 1949). Both series have changed to an open access model by moving to LSE Press.

### Research

In line with our founding mission, LSE research seeks to tackle some of the most challenging issues facing the UK and world today. The research of many of our academic staff has direct relevance to our charitable aims and the delivery of public benefit.

There are many examples of LSE research making an impact in the media and wider public over 2023/24, including:

- Kitty Stewart and Mary Reader's work on the impact of the two-child cap on benefits received widespread media coverage, including in the *Guardian*, *Financial Times* and on BBC Radio 4.
- A study from researchers at the International Inequalities Institute found tax havens were perceived by the super-rich as "boring and culturally barren", and that tax increases on the wealthy were unlikely to trigger a mass exodus.
- New research on generational divides in the workplace from Daniel Jolles and Grace Lordan featured prominently in *Fortune*, *Associated Press* and across US news and, business websites.
- A further report from the Inclusion Initiative on the Gender pay gap widening in top finance jobs featured in *The Daily Telegraph*, *Bloomberg*, *Reuters*, *Al-Jazeera*, *Fortune* and *Business Standard*.
- Research by Tammy Campbell on how children from wealthy areas get more support for special educational needs got wide coverage in the education press.
- A Centre for Economic Performance report urged a radical change in the government's spending priorities to focus on improving people's lives. This was featured in the *Financial Times* and *Guardian*.

LSE proactively supports impactful research through competitive internal funding. The Research and Impact Support Fund awarded 29 grants through both open and AI-focused calls. In addition to funding a range of AI-related projects, other projects explored pressing contemporary issues, including green urban transition, improving workforce resilience, and building voter confidence in election results. The Knowledge Exchange and Impact Large Bid Fund awarded ten grants, including to a project aiming to increase support for perinatal mental health in South East Asia, a project to influence World Health Organisation negotiations over a new Pandemic Convention, and a project to improve the design and delivery of greenfield development of planned neighbourhoods in African cities.

## Public and Community Engagement

Through a range of platforms and channels, LSE engages an international audience in social science research. We have a renowned public lecture programme with over 72,000 in person and online attendees annually; a wide-ranging blog platform with over 2,500 articles published last year and around 10 million views annually; a significant social media following with approximately 2.5 million followers across Facebook, Twitter/X, LinkedIn, YouTube, Instagram, TikTok and Threads as well as a wealth of digital content, including research films and podcasts with around 25 million downloads per year, and an online magazine, Research for the World which had over 375,000 views in 2023.

### LSE events

The academic year 2023/24 saw LSE's events programme continue both online and in-person. Since September 2023 we have hosted over 112 free public events (not including LSE Festival events), 99 of which were hybrid and 13 in-person.

Throughout the last year we hosted an array of speakers from across the world, including politicians, business leaders and Nobel laureates. Speakers have included Mia Mottley, Prime Minister of Barbados; Alexander de Croo, Primer Minister of Belgium; Bisher Khasawneh, Prime Minister of Jordan; Rachel Reeves, Chancellor of the Exchequer; Andrew Bailey, Governor of the Bank of England; Professor Judith Butler, Distinguished Professor in the Graduate School at the University of California, Berkeley; Professor Esther Duflo, Nobel Laureate and Abdul Latif Jameel Professor of Poverty Alleviation and Development Economics at the Massachusetts Institute of Technology; Professor Joseph E Stiglitz, Nobel Laureate and Professor at Columbia University; and Professor Claudia Goldin, Nobel Laureate and Henry Lee Professor of Economics at Harvard University.

Our online offering has meant we have been able to attract a global audience, with viewers from over 120 countries tuning in, via LSE's events platform, LSE Live. In addition to LSE Live, we have increased our global reach by livestreaming events onto the popular LSE YouTube channel and LinkedIn page. Recordings are subsequently made available on YouTube and the LSE Player, providing our viewers the opportunity to tune in and enjoy LSE events if they are not able to attend live.

## The LSE Festival 2024

The LSE Festival 2024: Power and Politics took place in the last week of Summer Term. With 2024 being a record year for elections, the week of events explored how power and politics shape our world, bringing together global leaders, innovators and changemakers to investigate how we can learn lessons from the past, tackle the challenges of today and shape the future.

The programme reflected the breadth of research taking place at LSE, while including formats and topics not usually part of the ongoing public events programme. The Festival welcomed over 4,000 people on campus with over 7,000 people tuning in online. Out of the 31 events, 22 were hybrid and streamed on LSE Live, which allowed for audience engagement from across the world. Attendees tuned in from 127 countries.

High-profile speakers at this year's Festival include Professor of Economics emeritus at MIT and former chief economist at the International Monetary Fund, Olivier Blanchard; High Commissioner of the Gambia to the UK, H.E. Fatou Bensouda; bestselling writer and author of five books, Monica Ali; and Professor of Economics and Public Policy at Oxford University's Blavatnik School of Government, Paul Collier.

The Festival had a substantial reach. 11,459 people attended the Festival Live and Skills events, with 4,029 in person and 7,430 tuning in via LSE Live, Zoom, YouTube or LinkedIn. Social media content promoting the Festival events and podcasts has had a total of over 1.6 million impressions and Festival podcasts received over 93,000 downloads.

## Volunteering

Our dedicated Volunteer Centre seeks to inspire and empower our community to volunteer for causes they are passionate about. In 2023/24, the Centre saw huge interest from students who wanted to get involved in volunteering and make a difference.

The Volunteer Centre runs various programmes to help LSE students get involved. These include one-off volunteering opportunities, a consultancy challenge, a Disabled Students' placement scheme, student-led Projects and volunteering fairs. We introduced a new programme this year, our Research Volunteering Scheme, which connects charities with students undertaking research in their field. Each year we work with around 200-300 partners from London, the UK and across the world. The Centre's research has found almost 40 per cent of the student body volunteer during their time at LSE, rising to over 50 per cent among undergraduates. LSE students fulfil a range of roles including mentoring, campaigning, fundraising, marketing, research and many more. Students who volunteer say they have wider groups of friends, feel part of LSE, are more confident in themselves and have skills that employers will value.

## Trade Union facility time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, the School, as a public sector employer, is required to collate and publish a range of data on the amount and cost of time spent by Trade Union (TU) Officials on facility time. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake TU duties and activities.

This publication year runs from 1 April 2023 to 31 March 2024. This information is to be published every year by 31 July. The relevant Trade Unions with whom the Schools has a Collective Bargaining Agreement are University and College Union (UCU), UNISON and Unite. The number of employees who were relevant union officials during the relevant period was 20 with a full time equivalent of 20.

Employees who were relevant union officials during the relevant period spent the following percentages of their working hours on facility time:

Percentage of time	Number of employees
0%	13
1-50%	7
51- 99%	-
100%	-

The total cost of facility time was £0.03 million of a total pay bill of £269.8 million. The percentage of the total pay bill spent on facility time was 0.01 per cent.



## Section 172 statement

The School is a company limited by guarantee and, therefore, must provide a Section 172 statement in accordance with the Companies Act 2006. Section 172 requires the directors (for the School these are the Council members) to act in the way they consider, in good faith, would be most likely to promote the success of the company (the School) for the benefit of its members as a whole. Council members are also the formal company members, but act to ensure decision-making is for the benefit of the School and wider stakeholder community.

Section 172 also states that in doing so, company directors should have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company.

The Object of the School is to advance education, learning and research for the public benefit. The current strategy to deliver this Object is articulated through LSE 2030. Together these provide that the work of the School is undertaken with a view of the long term and for the benefit of wide-ranging stakeholders. It is within this framework that Council's decision-making is undertaken.

During 2023/24 Council has received regular progress reporting on LSE 2030 and proposals for approval. This has covered a range of stakeholders (particularly students and staff) and across a range of activities and issues, such as: education, research, financial position, estates, technology/AI, health, safety, mental health and wellbeing, equity, diversity and inclusion, free speech and the philanthropic campaign.

The School seeks to engage with stakeholders and receive feedback in a variety of ways, including a range of staff and student fora/meetings, surveys, consultations, participation in external networks, alumni networks, engagement with policymakers, research partnerships, and input into decision-making through committee memberships.

This context underpinned key decisions taken by Council during the year:

- approving the financial plan, budget and student fees in the context of a continuing challenging environment, with particular consideration of the likely long-term consequences and the need to ensure the financial sustainability of the School, including for the benefit of staff, students and other stakeholders;
- reviewing progress and approving proposals concerning the development of student residences and the estate, which have taken into account likely long-term consequences, the optimal student and staff experience and impact on the community and environment;
- approving proposals concerning governance and management arrangements, particularly with consideration of maintaining a reputation for high standards of business conduct; including membership appointments and reappointments to Council and Council committees to enhance expertise and diversity and the ability to ensure a range of perspectives to support decision-making;
- reviewing requests from parts of the School community concerning the School's investments, including requests for divestment, and taking decisions with consideration, among other listed Section 172 matters, of the likely long-term consequences on the endowment, including for the benefit of future students, and the proper conduct of business with regard to Council's fiduciary responsibilities;
- reviewing the School's new Access and Participation Plan to enhance support for students from a diverse range of disadvantaged socio-economic backgrounds.

## Directors

The directors of the Company are listed at page 83.

During the year a management liability insurance policy was in place which provides for director and management indemnity provision.

## Independent Auditors

The Company's current external independent auditors are BDO LLP.

## Disclosure of information to auditors

At the date of making this report, each of the Company's directors as set out on page 83, confirms the following:

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

He or she has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Strategic Report and Report of the Directors was approved by Council on 19 November 2024.

### Larry Kramer

President and Vice Chancellor





# Corporate Governance and Internal Control Statement

This Corporate Governance and Internal Control Statement covers the 2023/24 financial year and period up to the date of approval of the audited financial statements. The statement provides an overview of the School's governance structure and outlines the internal control and risk management arrangements.

The School is a company limited by guarantee and an exempt charity. As a UK Higher Education Institution, it is regulated by the Office for Students (OfS). The overarching objectives, powers and framework of governance are set out in the Articles of Association. The Articles set out 'The Object of the School is to advance education, learning and research for the public benefit', which underpins all School activity, including its articulation through the School's strategy, LSE 2030.

The School is committed to upholding the highest standards of corporate governance and is satisfied that it complies with the Committee of University Chairs (CUC) Higher Education Code of Governance. The School also complies with the Public Interest Governance Principles required by OfS.

During 2020/21 the School underwent an independent review of its governance arrangements in line with good practice and to identify opportunities for further enhancement, which was overseen by the Governance Committee reporting to Council. This included an assessment of the School's compliance with the CUC Higher Education Code of Governance published in September 2020. KPMG was appointed to undertake the review following a competitive procurement exercise. The review found that the School's arrangements were broadly satisfactory but made some recommendations to enhance existing practice. These recommendations have been implemented. During 2023/24 a detailed review of the School's continued compliance with the CUC Higher Education Code of Governance was undertaken, which confirmed that the School remained compliant. The next independent review of Council and the School's governance arrangements is due to take place during 2024/25. During 2023/24 a review of the School's academic governance arrangements was undertaken by independent consultants with outcomes due to be reported in 2024/25.

In addition to this Statement, the School ensures transparency about its corporate governance arrangements principally through publication on its website and conduct in accordance with the CUC Higher Education Code of Governance.

The adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities (including compliance with the OfS's ongoing conditions of registration and any terms and conditions of funding as well as any other relevant regulatory responsibilities) are ensured through ongoing oversight and review to ensure they remain fit for purpose. This is achieved through delegated responsibilities to committees, management, third party review, including that undertaken by the internal and external auditors, but recognising that Council is ultimately responsible for these arrangements.

These arrangements also allow Council to ensure the regularity and propriety in the use of public funding where existing arrangements within the extensive control framework are kept under review, tested and enhanced as required.

## Council

Council is the governing body of the School and its formal responsibilities are set out in the Articles of Association. The CUC Higher Education Code of Governance sets out the overarching responsibilities of Council: collectively responsible and accountable for institutional activities; ensuring institutional sustainability (overseeing mission, strategy, aims and values, including effective systems of control and risk management are in place); protecting and promoting institutional reputation and autonomy; promoting ethical behaviour, equality, inclusivity and diversity across the institution; ensuring governance structures and processes are appropriate, and; understanding and ensuring engagement with stakeholders. A full list of Council members from 1 August 2023 to 31 July 2024 and up to the date of signing these financial statements can be found on page 83.

Council members are charity trustees and company directors and as such are 'fit and proper persons', expected to discharge their duties with prudence and care and to accept ultimate responsibility for the affairs of the School.

Council formally meets at least four times a year. It is formally composed of 20 members, the majority being Independent members, including the Chair, as well as there being staff and student members. Independent Council members do not receive remuneration for their role.

The School Secretary is the formal secretary of Council and responsible for overseeing the governance arrangements of the School. Any queries concerning the School's governance should be directed to the School Secretary.

Council is supported by the committees set out below. All have approved terms of reference and memberships, in order to provide expert support. They are chaired by Independent members of Council and report regularly on their work.

## Audit Committee

Audit Committee is responsible for advising Council on the adequacy and effectiveness of the School's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies, on which the Audit Committee provides an annual opinion based on the work it has conducted through the year. Both the External and Internal Auditors provide the Committee with detailed reports and attend meetings to discuss findings and recommendations for improvement, together with management's response and implementation plans.

## Ethics Committee

Ethics Committee's remit is to provide governance oversight and assurance to Council on ethical matters affecting the School in order to contribute to the achievement of strategic objectives and to meeting regulatory and legal obligations.

## Finance and Estates Committee

Finance and Estates Committee is principally responsible to Council in 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; review of financial performance at aggregate level and; oversight of the implementation of strategic priorities relating to the estate, including capital projects.

## Governance Committee

Governance Committee is responsible for making recommendations on the membership of Council and its committees, particularly for Independent/external members. It also advises Council on corporate governance matters, arrangements, and practices to continually enhance the School's governance, including to ensure compliance and best practice.

## Remuneration Committee

Remuneration Committee oversees remuneration arrangements for the President and Vice Chancellor and other senior staff and complies fully with the CUC Higher Education Senior Staff Remuneration Code. An effectiveness review of Remuneration Committee is due to be conducted in 2024/25 as part of a regular review cycle.

## Academic Board

Academic Board is the principal academic body of the School, to which Council has delegated responsibility for the academic standards and the direction and regulation of academic matters. It is supported by its own structure of committees which deal with academic and student affairs, research, and academic planning and resources.

## Controls Framework

As the governing body of the School, 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.

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. Council ensures and reviews the effectiveness of internal control, including through:

- Having wide ranging and robust internal control arrangements in place, including for the prevention and detection of corruption, fraud, bribery and other irregularities. Internal controls are reviewed and developed to ensure they remain fit for purpose and in response to risk evaluation and cover business, operational, compliance and financial risk. These arrangements are embedded into ongoing operations;
- Ongoing oversight by Council of progress against LSE 2030, including corresponding identification and management of risk, through regular reporting from the President and Vice Chancellor and senior officers. The School's risk management arrangements ensure key risks are identified and adequate mitigations are implemented as part of an ongoing process to ensure the achievement of objectives;
- Regular reporting from Council committees, including from Audit Committee, which has responsibility for reviewing on behalf of Council the arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory

bodies,. Audit Committee provides an annual report to Council including its opinion on the School's arrangements;

- Annual performance review of individual academic units (Departments and Institutes) by members of the School's senior management team together with in-depth quinquennial reviews by the Academic Planning and Resources Committee involving independent expert assessors. The Research Committee oversees regular performance reviews of research units
- Monitoring by the President and Vice Chancellor and the School Management Committee of various work streams arising from strategic priorities and regular risk analysis, advised by a dedicated risk manager;
- 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 School Management Committee and Finance and Estates 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 funds may be spent;
- Regular meetings between senior managers and service leaders to review progress and issues arising from operational activities, and similar meetings between the President and Vice Chancellor and Heads of Departments in relation to academic developments;
- Internal and external auditing is provided by KPMG LLP and BDO LLP respectively. Through their work, both support the School to enhance the internal control environment and the delivery of value for money, from their recommendations arising from reviews of School arrangements. The Internal Auditors undertake an annual programme of reviews, reporting regularly to Audit Committee, and culminating in an annual report to Audit Committee and Council, including to inform the Committee's annual opinion on the adequacy and effectiveness of the School's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies, based on work conducted during the year;
- Extensive financial controls including planning and budgeting arrangements, defined delegations of responsibility, review, oversight and reporting arrangements, policies and procedures, Financial Regulations detailing financial controls and procedures;
- Long-term financial planning summarised in an annually approved Financial Plan that provides the basis for any significant financial decision making and a robust framework to ensure the School's financial sustainability and resilience.

## Declaration of the Council

In accordance with the Companies Act, Council, as directors, is 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. Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable it to ensure that the financial statements are prepared in accordance with the Companies Act, the latest Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, and other relevant accounting standards.

In addition, within the Office for Students' terms and conditions of funding, 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 President and Vice Chancellor.

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. Council is satisfied that the School has adequate resources to continue in operation through 2024 and 2025. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Council has taken reasonable steps:

- To ensure that funds from whatever source, including the Office for Students, are used only for the purposes for which they have been given and in accordance with the relevant terms and conditions;
- To ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- To safeguard the assets of the School and prevent and detect fraud;
- To secure the economical, efficient and effective management of School resources;
- Council confirms that there were no significant control weaknesses or failures identified through the reporting period which should be disclosed.





# Environmental Sustainability Report

Sustainability is a key commitment of LSE's 2030 Strategy and Ethics Code. Our dedicated sustainability team coordinates efforts across the School to improve LSE's environmental performance in close collaboration with the LSE community.

## Our approach to delivery

Our policies ([Sustainability Policy](#), [Energy Policy](#)) outline the School's sustainability objectives and support the implementation of the [Sustainability Strategic Plan](#). Management of the School's environmental aspects is supported by our Environmental and Energy Management Systems which is externally audited by independent auditors and accredited to British International Standards (BSI) ISO 14001 and ISO 50001.

Delivery and decision-making continue to be driven by dedicated committees and working groups with students and staff representation, including our Sustainability Leadership Board, chaired by Eric Neumayer, the School's Deputy President and Vice Chancellor.

Our approach contributes to the UN's Sustainable Development Goals (SDGs) as highlighted in our [Annual Sustainability Report](#).

## LSE's Sustainability Strategic Plan

Our Sustainability Strategic Plan, launched in October 2020 focuses on six key themes to maximise our impact in shaping a sustainable world: *Education, Research, Engagement and Leadership, Investment, Collaboration, Our School* and provides a framework for delivering the School's key commitment of Creating a Sustainable LSE, part of LSE's 2030 strategy.



### Education

#### Embedding sustainability across our teaching and learning experiences

- Working to provide education for sustainability is an opportunity for LSE to ensure LSE students are prepared for the complex challenges they will face and a workplace where sustainability will be a shared responsibility regardless of one's role.
- A Programme Manager: Education for Sustainability was appointed in 2022; the role has since been extended to 2027, with a key focus on 1) assessing ways to expand current opportunities for students to include a sustainability focus in their degree and 2) providing staff with ways to enrich their courses by engaging with sustainability themes.
- Sustainability continues to be a key theme in LSE100, our flagship interdisciplinary course for all undergraduate students.
- The LSE Phelan United States launched the Syllabus Hub on Climate Change and Sustainability. The Syllabus is a free resource of over 40 syllabuses from the United States and elsewhere related to climate change and sustainability in the US.
- EGI funds were again secured by the Programme Manager to enable students to work as research assistants, identifying sustainability topics relevant to specific modules across all School departments by pinpointing sustainability-related case studies, selecting course readings, and redesigning assessments, class activities, or lectures.

- A total of £18,750 was awarded to eight projects via the LSE Sustainable Projects Fund. Successful project themes centred primarily around education and biodiversity.
- A Moodle module is in design to provide staff and students with general knowledge on what sustainability means, key sustainability theories and models, the governance of sustainability at the global scale.



### Research

#### Shaping the global sustainability debate through our research

LSE's Research continued to make a significant contribution to furthering knowledge around sustainability and the UN Sustainable Development Goals, through key engagement initiatives including [Research for the World magazine](#), research showcase event series, public lecture programmes, LSE Festival, blogs, and research films and podcasts.

- LSE Festival 2024 considered how power and politics shapes our world. The politics of climate change and where the power lies to tackle the global climate crisis was a theme that ran throughout the week of events.
- LSE Blogs ran a campaign to promote LSE research on climate change and sustainability during COP28. Collaborating with Research for the World magazine, Media Relations and the Social Media team, blogs included Q&As, book reviews and a reading list, alongside accessible, critical presentations of the latest LSE research.
- Awards for research grants continue to have sustainability significance with 14 per cent of awards made in 2023/24 having a sustainability theme, accounting for £4.5 million funding to LSE. Key topics include climate legislation, governance and evidence for transitions to net-zero, and sustainable cities across 15 LSE Academic Units including the Firoz Lalji Institute for Africa, LSE Cities and Grantham Research Institute.
- In our internal schemes, four relevant projects have been funded via LSE's Research and Impact Support Fund 2024. They explore environmental sustainability themes, such as: societal changes, sustainable markets, climate change and resilience and green transitions.
- £3.5 million was secured to support the new Just Transition Finance Lab (which will launch publicly in spring 2024). The new Lab will realise its vision, of harnessing the financial system to deliver climate and nature success through a people-centred approach, by fostering innovation in the practicalities of financing a just transition.



## Engagement and Leadership

### Deepening public discussion on sustainability across the world

- LSE has been at the forefront of engagement and action regarding sustainability in the UK and around the world. LSE continued to inform and engage with UK- and international decision-makers to promote dialogue and decisive action on sustainability and climate change, with leadership once again from the Grantham Research Institute on Climate Change and the Environment.
- The Grantham Research Institute's Chair Lord Nicholas Stern has continued to provide expertise on how the multilateral development banks can support transboundary challenges such as climate and health, notably through his membership of the G20 Expert Group on Strengthening Multilateral Development Banks.
- The Institute had a significant presence at COP28, including chairing events and providing panel members on topics ranging from climate-smart agriculture to intergenerational equity to climate governance for a just and resilient transition to net zero.
- COP28 also saw Lord Stern with Dr Vera Songwe and Amar Bhattacharya launch their second report for the International High Level Expert Group on Climate Finance, which calculated a need for US\$2.4 trillion per year of investment in zero-emissions and climate-resilient technologies and infrastructure in emerging markets and developing countries by 2030.
- The Grantham Research Institute launched two exciting new initiatives in early 2024: the Just Transition Finance Lab and the Centre for Economic Transformation Expertise (CETEx). The Lab's purpose is to support a move from conceptual acceptance of a just transition to system transformation, focusing on the crucial role of finance, while CETEx is supporting reforms to deliver sustainable, inclusive and resilient economies and financial systems across Europe, through work on monetary and financial markets, plus fiscal and economic policy.
- The Institute has continued to support policymaking in the UK, notably with a report from January 2024 on how to boost growth and productivity in the sustainable economy, which presented a detailed case for increasing annual public investment and private investment. Lord Stern, writing in the FT, described how this would put the UK "on to a much more productive, dynamic and attractive path to growth".
- Closer to home, the Institute launched a campaign to make cycling safer in London with an open letter to the mayoral candidates in March 2024 that was co-signed by over 800 staff and students from 37 London academic institutions, which was followed up by several public events.



## Investment

### Making sustainability a key part of our investment decisions

Details of our approach to responsible investment can be found in the Endowment Investment Performance section of this report. This year we achieved the following:

- The School published its first Impact and Allocation report to 31 July 2023 for funds that were issued under its Sustainable Finance Framework. This report was subject to an assurance review by DNV to confirm that these funds (totalling £118m) were spent on a range of environmentally and socially sustainable projects in line with the framework.
- In line with our ESG policy, our negative screening filters were broadened to include any exposures to non-aligned "Carbon Performance" companies in the Oil and Gas sector as rated by the LSE's Grantham Institute Transition Pathway Initiative (TPI). The School's exposure to non-aligned TPI rated stocks was 1.3 per cent in FY 2023/24 (the 1st year of measurement). As a result, three funds with the largest exposure were sold and replaced with more compliant holdings in year.
- The School's FER portfolio, which supports the STICERD research centre, was restructured to be invested in a passive global equity fund (managed by Vanguard) which has a 0.1 per cent exposure to the School's TWTT and non-compliant TPI companies in aggregate.
- The School joined the University of Cambridge's request for proposals (RfP) to financial institutions for cash products (such as deposits and money market funds) that do not contribute to the expansion of fossil fuel extraction.



## Collaboration

### Working in partnerships within LSE and externally

- PAGE established the Alumni Sustainability Network, connecting alumni from across the globe with an interest in sustainability.
- LSE is a member of both the London Heritage Quarter (LHQ) Sustainability Steering Group and CIVICA Environmental Board..
- LSE is an active member of the Environmental Association for Universities and Colleges (EAUC).
- LSE collaborated with nine other London universities to run the London Student Sustainability Conference in February 2024. LSE had five presenters, including one in the top three.
- LSE signed up with Hazaar, a sustainable student marketplace operating across universities throughout the UK, to help create a circular economy for fashion and create a community of buyers and sellers at LSE.
- Swiss University EPFL visited LSE to learn about our approaches to Sustainable Catering, touring the LSE Catering Units with the Head of Catering and the Residences Sustainability Officer.
- The LSE Student Green Week took place in March 2024. The week included educational events, such as an Education for Sustainability workshop and Biodiversity Collage, and opportunities to showcase our sustainable societies, local environmental organisations and our new catering options.

- LSE collaborated with Kings College London on a tree planting session at our shared sports ground in New Malden.
- Student representation continues on all sustainability committees, which results in closer collaboration efforts.

## Our School (Campus operations)



### Reaching Net Zero Carbon and reducing our environmental impacts

We work to improve performance across our impacts, be it Carbon, Energy, built environment, Waste and Resources, Procurement, Water, Travel, Pollution and Air Quality, and Biodiversity. Our full impacts and the work we do to reduce them are [available online](#). Some highlights:

- **Carbon** is our most significant environmental impact, in particular emissions linked to our energy use and business travel. We have set firm targets to achieve net-zero carbon emissions by 2050 at the latest, and by 2030 for our direct energy use (Scope 1 and 2). LSE was awarded £2.7 million in funding through the Public Sector Decarbonisation Scheme (PSDS), which the School is match-funding. The funding will be used to remove gas boilers from Lionel Robbins Building and Connaught House.
- **Energy** – Since 2015, we have invested over £5 million in energy conservation measures such as energy efficient lighting, boilers, photovoltaic panels and improved building controls. Recently, we have focused our efforts on reducing our gas usage, by installing air source heat pumps and actively monitoring our Building

Management System. This helped LSE achieve an energy usage of 170kWh per m<sup>2</sup> in 2023/24, a 25 per cent improvement in efficiency against our 2005/06 baseline. In addition, we purchase 100 per cent of the electricity from renewable sources (e.g. solar and wind).

- **Built environment** – LSE's latest sustainable development, 35 LIF is well under way, with planning received in summer 23 and deconstruction beginning in December 23. 35 LIF is targeted to be BREEAM Outstanding, WELL Platinum and PassivHaus certified.
- **Waste and Resources** – waste signage has been refreshed across campus, making it easier and clearer for staff and students to recycle responsibly. Refreshed training has been rolled out to teams, with a number of sessions held in Spanish. Operational waste signage is being updated to reflect English, French and Spanish.
- **Catering** – Catering in Halls achieved a Platinum Award for their collaboration project with Grow Up Farm (an innovative farming group pioneering vertical farming technology in Kent) and Foodari, the School's fruit and vegetable supplier.
- **Biodiversity** – Old wooden pallets were recycled by the Department of Government, in collaboration with Estates Maintenance, and turned into new rooftop planters for the LSE bees.
- **Suppliers** – The Procurement Team has continued to incorporate sustainability considerations into tenders and contracts, with a key focus being high risk/high value contracts.

### LSE energy usage and associated carbon footprint

	2023/24		2022/23		
	Energy use (kWh)	Associated carbon emissions (kgCO <sub>2</sub> e)	Energy use (kWh)	Associated carbon emissions (kgCO <sub>2</sub> e)	Change %
<b>Electricity</b> purchased	18,077,630	0	18,210,612	17,395	(0.7)
<b>Gas</b> consumed	18,290,028	3,345,246	19,930,341	3,645,836	(8.2)
<b>Transport</b> Personal car use mileage – claimed as expenses	18,731	4,520	22,542	5,465	(16.9)
<b>Gasoil</b>	40,830	10,473	20,892	5,359	95.4
<b>District Heating</b>	-	-	-	-	n/a
<b>Biofuel</b>	-	-	-	-	n/a
<b>Total energy purchased</b>	36,427,219	3,360,239	38,184,387	3,674,055	(4.6)
<b>Renewable electricity produced onsite</b>	117,505	-	101,514	-	14.3
<b>Intensity measure per square metre</b>	170.1kWh/m <sup>2</sup>	15.7kgCO <sub>2</sub> e/m <sup>2</sup>	178.0kWh/m <sup>2</sup>	17.1kgCO <sub>2</sub> e/m <sup>2</sup>	(4.4)

**Methodology:** The figures above are based on meter readings, or invoices when readings are not available, utilising the latest Defra carbon conversion factors, in line with the GHG Reporting Protocol. Estimations, when required, are based on pro-rata extrapolation. LSE's baseline year is 2005-06 in line with best sector practice (GHG Protocol, OfS).

# Endowment Investment Performance

Funding from philanthropy, along with tuition fees, recurrent 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 student bursaries, facilities, and to its portfolio of research and teaching. In an ever-changing sector, the challenge facing LSE is to make giving an integral part of its financial health.

During the 2023/24 financial year, the School's endowment reserves increased from £229.3 million to £255.5 million. The sizeable increase in the endowment of 11.4 per cent is attributable to new funds received during the year of £15.9 million and £21.9 million of investment income and realised/unrealised gains generated by the relevant endowment portfolios. The endowment also support increased annual expenditure of £11.6 million.

Endowment reserves	£ million
At 1 August 2023	229.3
New endowments received in year	15.9
Investment income	2.9
Expenditure for the year	(11.6)
Increase in market value of the investments	19.0
At 31 July 2024	255.5

We are pleased that increasingly, many individual donors and foundations recognise this form of support as vital to the School's unique public benefit as a charity focused on education and the "betterment of society".

## Portfolios and their objectives

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 Growth portfolio:** expendable endowments that have a longer-term horizon and permanent endowments that are invested on a total return basis. The threshold objective for this portfolio is to yield a total return over the long term of 4.5 per cent per annum plus the Consumer Price Index (CPI). The funds are largely invested in a range of investment funds covering quoted equities, private equity, and property.

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

**The Financial Economic Review (FER) portfolio:** a separate investment portfolio for a permanent endowment to support the STICERD research centre. The threshold objective for this portfolio is to generate a long-term total investment return of 4.5 per cent per annum plus CPI to provide a fixed pay-out to fund the annual operating costs of STICERD.

## Investment Sub-Committee (ISC)

Established in 1989, the LSE Investments Sub-Committee (ISC) is a sub-committee of the Finance and Estates 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 for the School's Endowment and School Fund investment portfolios.

The Committee meets at least three times a year and appoints an external investment adviser whose tactical asset allocation and manager recommendations are monitored and reviewed by the ISC. Overall strategic asset allocation and manager selection is reviewed by the Committee at least once a year.

## Environmental, Social and Governance (ESG)

The ISC is also responsible for implementing the School's Environmental, Social and Governance (ESG) investment policy through its oversight of the portfolios' exposure to the designated areas. During 2024/25, the School is undertaking a thorough review of the its Environmental, Social and Governance (ESG policy) and will be seeking input from all of its stakeholders.

The Endowments are primarily invested in Funds managed by external Fund Managers so that while the School is not choosing individual stocks, the ISC selects the fund managers that will minimise and/or eliminate our investment in companies that do not fall within our ESG policy. We recognise that our endowment is not large compared with the assets under management in the funds we invest in, nevertheless the stance of the School is such that we believe that we can influence behaviours.

The School's ESG policy states there should be no direct and, as far as possible, no indirect investments in companies engaged in manufacturing Tobacco, Controversial Weapons (as defined as cluster bombs and landmines) or significantly in production of Thermal Coal or Tar Sands. The total exposure across all the portfolios was 0.5 per cent in 2023/24 (0.3 per cent tobacco, 0.2 per cent thermal coal and no holdings in tar sands, cluster bombs or landmines); a reduction of over 80 per cent since 2015/16.

In line with the School's revised ESG policy in November 2022, our negative screening filters were broadened to include any exposures to non-aligned "Carbon Performance" companies in the Oil and Gas sector as rated by the Grantham Institute's Transition Pathway Initiative (TPI). The School's exposure to non-aligned TPI rated stocks was 1.3 per cent in 2023/24 (the 1st year of measurement).

The School's FER portfolio, which supports the STICERD research centre, was restructured to be invested in a passive global equity fund (managed by Vanguard) which has a 0.1 per cent exposure to the School's TWTT and non-compliant TPI companies in aggregate.

The School continued to analyse its portfolios based on data and ratings published by the School's internationally recognised Grantham Institute Transition Pathway Initiative (TPI). This analysis is published on the School's Responsible Investment webpages annually. Developments and advances in sustainability metrics and data are intrinsic in ensuring the School invests responsibly and sustainably in the forthcoming years.

## Portfolio performance

The investment performance for each investment portfolio over one-, three- and five-year periods is:

Investment return	1 year	3 years p.a.	3 years cumulative return	5 years p.a.	5 years cumulative return	Long-term threshold objectives
Growth	8.6%	2.4%	7.4%	6.0%	33.8%	-
Gift matching	9.2%	0.4%	1.3%	1.0%	5.0%	-
Gift matching and growth combined	8.7%	2.2%	6.9%	5.5%	30.1%	4.5% + CPI
FER	15.2%	6.6%	21.1%	8.0%	45.8%	4.5% + CPI

The School's portfolios benefitted from the general rise in equity and bond markets over the year and each of the portfolios exceeded their target return of CPI + 4.5 per cent for 2023/24.

Whilst the target return was met, the Growth and School portfolios both lagged their benchmarks' performance as most active managers were underweight in exposure to mega cap technology stocks which benefitted from investor optimism around AI during the year. The School's Gift matching portfolio generated a positive unrealised return of 9.2 per cent reflecting the strength and recovery of the bond markets.

The School continued to contribute and build its investment in Mercer's private equity fund based on the committed amounts set in 2022/23. Private equity has been incorporated into the School's asset allocation as it is expected to yield a premium over listed equities and assist the portfolios in meeting their long-term objectives.

During the year, the ISC approved a small temporary tactical allocation to private credit as a means of diversifying the asset allocation with the expectation of generating good returns. The ISC also reduced the School's asset allocation to property due to concerns around the performance and resilience of the commercial property market. This was offset with a corresponding increase in exposure to the listed equities market; justified by the expected higher return of equities in the long-term. The portfolios continue to operate well within their risk parameters.

The long-term threshold target for portfolios is CPI +4.5 per cent and performance has been reported on this basis. High inflation during 2022/23 has meant that the portfolios have underperformed their long-term CPI objectives on their 3- and 5-year returns.





# Independent auditors' report to the Council of London School of Economics and Political Science (the "School")

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the School's affairs as at 31 July 2024 and of the Group's and the School's income and expenditure, gains and losses, changes in reserves and of the Group's and the School's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of London School of Economics and Political Sciences ("the School") and its subsidiaries (the "Group") for the year ended 31 July 2024 which Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and School Balance Sheet, Consolidated and School Statement of Changes in Reserves, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) "ISAs (UK)" and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group and the School in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council members with respect to going concern are described in the relevant sections of this report.

## Other information

The Council is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

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

- the information given in the annual report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report, which are included in the annual report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the School and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Council members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Opinion on other matters required by the Office for Students ("OfS") and UK Research and Innovation (including Research England)

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 managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England), have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

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

- The School's grant and fee income, as disclosed in note 3 to the accounts, has been materially misstated.

The School's expenditure on access and participation activities for the financial year, as has been disclosed in note 8 to the accounts, has been materially misstated.

## Responsibilities of the Council members

As explained more fully in the Council members' responsibilities statement, the Council members (who are also the directors of the School for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management and those charged with governance and the Audit Committee;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Direct representation from the Accountable Officer;

We considered the significant laws and regulations to be the applicable accounting framework, Companies Act 2006 and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation data protection laws and the OfS regulatory framework.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.

- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition in relation to other income and revenue recognition in relation to donation income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including pension provision, provision against student and other debtors and valuation of derivatives;
- Selecting a sample of other revenue amounts to agree to supporting documentation and verify that the revenue has been recorded correctly; Comparing the residences income recorded to the expected income based off the total rooms and occupancy rate; and
- Selecting a sample of donations recorded to verify that the donation has been recognised inline with the terms of the agreement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

## Use of our report

This report is made solely to the Council members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the School's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and the Councilmembers as a body, for our audit work, for this report, or for the opinions we have formed.

### James Aston (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Accounting Policies

The School is an exempt charity within the meaning of Part Three 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 receives partial exemption in respect of Value Added Tax (VAT) and is unable to recover most of VAT paid to suppliers. VAT recovered from HMRC is recorded under Other Income. 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 55 to 83.

## Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 Edition), the OfS Accounts Direction and in accordance with Financial Reporting Standards (FRS 102). The School is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of investments and derivative financial instruments).

## Going concern

The directors have assessed the School's ability to continue as a going concern by reviewing financial forecasts for the 12-month period from the date of signing these financial statements. Sensitivity analysis is undertaken against several scenarios reflecting the key risks identified by the School and based on latest available assumptions. The School's Financial Plan, taking account of reasonably possible changes in performance, shows that the School will be able to operate within the level of its current facilities and comply with bank covenants over the planning period.

Consequently, the directors have a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. The School therefore continues to adopt the going concern basis in preparing its financial statements.

## Basis of consolidation

The consolidated financial statements include the School and all its subsidiaries together with the share of the results of jointly controlled operations for the financial year to 31 July 2024. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure 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. Associated companies and joint ventures are accounted for using the equity method. The School acts as agent for the jointly controlled operation therefore the assets of the operation are included within the School's balance sheet and the balances due to other parties are recorded as creditors. A proportion of the income and expenditure of the jointly controlled operation is recognised in the School's Statement of Comprehensive Income and Expenditure in accordance with the control the School holds.

## Income recognition

### Tuition fee income

Tuition Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students register. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross of expenditure and not deducted from income.

Summer School income and teaching costs are apportioned between financial years based on teaching days.

The School's share of surplus from the participation in the University of London International Programme is recognised on an accruals basis.

### Grant funded income

Grant funding, including Funding Council (OfS/UKRI), research grants and capital grants, is recognised as income when the School is entitled to the income and when relevant performance related conditions have been met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met. This is usually recognised as income in line with expenditure related to the grant; spend on appropriate grant related costs being the performance condition.

Income is classified as 'Research Grants and Contracts' when it meets the Frascati definition of research as set out by the Organisation for Economic Co-operation and Development (OECD), and which is generally accepted within the Higher Education sector as the standard by which work is determined to be research.

### Other income

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Funds the School receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income and Expenditure of the School where the School is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Investment income

Investment income from deposit accounts, short-term deposits and money market funds is credited to the Statement of Comprehensive Income and Expenditure in the period it is earned.

Endowment investment income and gains/losses (both realised and unrealised) on investments are recorded in income in the period in which they arise and are classified as either restricted or unrestricted income according to the terms of the individual endowment fund.

The School adopts a total return endowment investment management policy. This implies that the total return of a permanent endowment; its investment income and gains (both realised and unrealised) can be spent on the purposes of that endowment. This income remains part of the permanent endowment fund until spent on its purpose.

## Donations and endowments

Donation and endowments (with or without donor-imposed restrictions) are non-exchange transactions without performance related conditions and are primarily recognised in income when received. For capital and building donations or endowments, these are recognised on delivery of specific milestones within the agreement or in line with expenditure incurred.

Donations with donor-imposed restrictions are retained within the restricted reserve until such time that it is utilised in line with such restrictions and the income is released to unrestricted reserves through a reserve transfer.

There are four main types of donations and endowments identified within restricted reserves:

**Restricted donations** – the donor has specified that the donation must be used for a particular objective but not requested that the fund is to be invested.

**Unrestricted permanent endowments** – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the School.

**Restricted permanent endowments** – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

**Restricted expendable endowments** – the donor has specified that the fund is to be invested to generate an income stream to be applied to a particular objective and the School has the power to utilise the fund's capital to meet that objective.

## Expenditure recognition

Expenditure incurred relates to the receipt of goods and services which are recognised in the period in which they are incurred.

A provision is made for debts that are not likely to be collected completely. This provision is calculated based on age, value, jurisdiction of the debtor and our experience from previous years of the collectability of differing types of debt.

## Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

## Accounting for retirement benefits

The two principal pension schemes for the School's staff are the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL).

### USS:

The assets of the USS scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The School is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the School therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme and the deficit recovery contributions payable under the scheme's Recovery Plan.

Where a scheme valuation determines that the scheme is in deficit on a technical provision basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. The institution recognises a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the income statement.

The March 2023 valuation identified the scheme was in surplus on a technical provision basis with no requirement for employer deficit contributions or a Recovery Plan. Accordingly, the outstanding provision was reversed to the Consolidated Statement of Comprehensive Income and Expenditure. Further disclosures relating to the deficit recovery liability and its reversal can be found in note 20.

### SAUL:

SAUL is a scheme providing both a Defined Benefit and a Defined Contribution section, depending on the individual members' eligibility criteria, that is independently managed. It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. The School accounts for its participation as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e., cash amounts) in accordance with paragraphs 28.11 of FRS 102. The School is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation. The fund is valued every three years by professionally qualified independent actuaries.

At the 31 March 2023 valuation SAUL was 105% funded on its Technical Provisions basis. As SAUL was in surplus on its Technical Provisions basis, no deficit contributions were required, and there is no defined benefit liability (i.e., the present value of any deficit contributions due to SAUL) to be recognised by the School.

## Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the School.

A liability is recognised for the unused benefit of holiday entitlements earned but not taken at the reporting date, with the expense being recognised as staff costs in the Consolidated Statement of Comprehensive Income.

## Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where a fixed asset comprises of two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL.

### Land and buildings

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their useful economic lives which range over the following periods:

- Buildings – 3-95 years
- Roofs – 25 years
- Refurbishments including lifts, mechanical and electrical services – 10 to 20 years
- Leasehold land and buildings are depreciated over the period of the lease.

Capital projects which are still under construction and buildings held for redevelopment are capitalised but not depreciated.

### Equipment

Equipment, including computers, 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 expected useful life as follows:

- Fixtures and fittings – 7 years
- Computer equipment – 3 to 5 years
- Other equipment – 5 years

### Impairment

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the fixed assets may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Consolidated Statement of Comprehensive Income and Expenditure.

## Intangible assets

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment. These assets primarily consist of computer and network software as well as software development projects. Costs in relation to purchased software as well as the development phase of an internal software project (including staff costs) are capitalised if over a £30,000 threshold and the project is expected to generate future economic benefit through use.

Intangible assets are amortised over 5 years representing the estimated economic life of the assets.

Costs associated with the research phase of software development projects are expensed as incurred.

## Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## Foreign currency

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income and Expenditure.

## Non-current and current asset investment valuation

All investments including investments in listed shares, private equity and corporate bonds are initially measured at cost which is typically the transaction price. These assets are subsequently measured at fair value at each reporting date, with changes in fair value recognised in the Statement of Comprehensive Income.

The School's investments in property (via its shared equity housing loan scheme for staff) are revalued using a London housing price index to estimate the fair value of the property held. Any changes in fair value at the reporting date are recognised in the Statement of Comprehensive Income.

Investments in subsidiary and associate undertakings are carried at cost less impairment in the School's financial statements.

## Jointly controlled operations

The School accounts for its share of transactions from joint operations in the Consolidated Statement of Comprehensive Income and Expenditure.

## Stocks

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

## Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value. These include investments held as part of the School's treasury management practices such as term deposits (with a maturity of three months or less from the date of acquisition) and money market funds.

## Financial Instruments

The School has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments.

### Financial Assets

Basic financial assets include trade and other receivables and cash and cash equivalents. These assets are initially recognised at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, then the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all the risks and rewards of the ownership of the asset are transferred to another party.

### Financial Liabilities

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price plus attributable transaction costs. They are subsequently carried at amortised cost using the effective interest rate method. If the arrangement constitutes a financing transaction, the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derivatives are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income.

## Service Concession Arrangements

The School has one service concession arrangement. In December 2021, the School entered a 50-year contract with Spark Living (LSE Glengall Road) LLP for the design, build and operation of a hall of residence at a site purchased at Glengall Road by LSE. At the end of the contract, the School will retain the beneficial ownership of the halls of residence.

The hall is scheduled to open in 2025. And once operational, each year the School will have the right but not the obligation to nominate rooms for the following academic year and once nominated, the

School will be required to underwrite that rental income. This arrangement is deemed to be a Service Concession Arrangement under the terms of Section 34 of FRS 102 and the School will recognise assets and liabilities to the extent that it is required to fulfil nomination commitments at each year-end once the hall has opened.

The School (via intermediary subsidiary companies) holds a 19.9 per cent share of Spark Living (LSE Glengall Road) LLP. This investment is accounted for within non-current investments (refer to note 13) under the equity method for the purposes of the consolidated financial statements.

## Reserves

Reserves are classified as restricted or unrestricted and reflect the accumulated net comprehensive income of the School. They are classified as restricted or unrestricted depending on whether restrictions were placed on how the income was to be spent.

Endowment reserves are classified as restricted reserves. Additional information in their reserve classification is provided in the Donations and Endowments accounting policy above.

Income with restrictions remains in the restricted reserves until it is spent in line with the restriction, at which point it is transferred to the unrestricted reserve via a reserve transfer.

## Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a The School has a present obligation (legal or constructive) because of a past event;
- b It is probable that an outflow of economic benefits will be required to settle the obligation; and
- c A reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the School a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the School. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the School a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly with the control of the School.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in note 28.

## Critical accounting estimates and judgements

The preparation of the School's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

### Critical accounting estimates

#### Defined benefit pension schemes

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefit schemes and are externally funded.

The calculation of the School's contribution to the deficit of the USS scheme as at July 2023 was dependent on several factors including salary increases, growth of staff numbers and the discount rate on corporate bonds. Management estimates these factors in determining the net pension provision in the balance sheet, see note 20. As at July 2024, the scheme was no longer in deficit and the provision was reversed to the Consolidated Statement of Comprehensive Income and Expenditure.

## Useful lives of property, plant and equipment

Property, plant and equipment represent a significant proportion of the School's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the School's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 12.

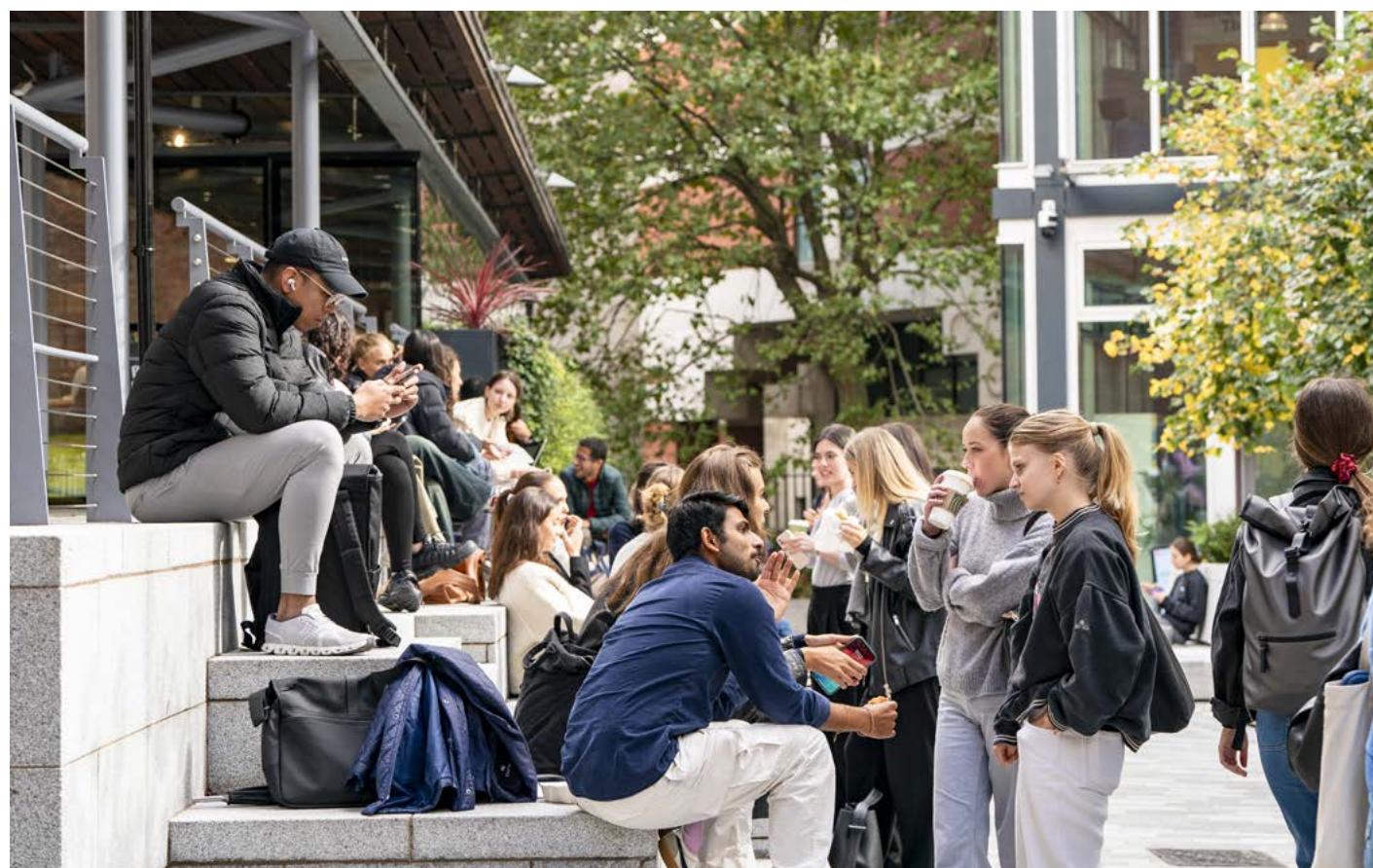
## Impairment of assets

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge and previous collection rates. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due. The provision for doubtful debts is netted off against trade receivables in note 17.

## Significant judgements

### Income recognition

Judgement is applied in determining the value and timing of recognition in the financial statements of certain material income items such as large gifts and research grants. This includes determining when performance related conditions have been met and determining the revenues associated with partially delivered courses.



# Consolidated Statement of Comprehensive Income and Expenditure

Year end 31 July 2024

		Group 2023/24	Group 2022/23	School 2023/24	School 2022/23
	Notes	£'000	£'000	£'000	£'000
<b>INCOME</b>					
Tuition fees and education contracts	1	316,438	294,994	316,438	294,994
Funding body grants	2	26,818	29,123	26,818	29,123
Research grants and contracts	3	42,732	40,599	41,375	39,635
Other income	4	83,793	76,045	80,070	71,799
Investment income	5	11,680	7,843	11,592	7,797
<b>Total income before endowments and donations</b>		481,461	448,604	476,293	443,348
Donations and endowments	6	49,261	22,703	49,261	22,703
<b>Total income</b>		530,722	471,307	525,554	466,051
<b>EXPENDITURE</b>					
Staff costs (excluding USS provision movement)	7	269,794	257,332	268,024	255,396
Movement in USS Pension Provision	7	(113,503)	(9,044)	(113,503)	(9,044)
Staff costs	7	156,291	248,288	154,521	246,352
Other operating expenses	9	163,356	151,806	159,972	148,496
Depreciation	11, 12	17,483	16,072	17,469	16,060
Interest and other finance costs	10	12,432	13,927	12,432	13,927
<b>Total expenditure</b>	9	349,562	430,093	344,394	424,835
<b>Surplus before other gains</b>		181,160	41,214	181,160	41,216
Gain on investments		36,736	5,037	36,736	5,037
Change in fair value of hedging financial instruments	19	(2,272)	11,883	(2,272)	11,883
<b>Surplus before tax</b>		215,624	58,134	215,624	58,136
Taxation		-	-	-	-
<b>Surplus for the year</b>		215,624	58,134	215,624	58,136
<b>Total comprehensive income for the year</b>		215,624	58,134	215,624	58,136
Represented by:					
Endowment comprehensive income for the year	21	26,169	(54)	26,169	(54)
Restricted comprehensive income for the year	22	21,229	8,613	21,229	8,613
Unrestricted comprehensive income for the year		168,226	49,575	168,226	49,577
		215,624	58,134	215,624	58,136

All items of income and expenditure relate to continuing activities.

# Consolidated and School Balance Sheet

	Notes	Group 2024 £'000	Group 2023 £'000	School 2024 £'000	School 2023 £'000
<b>Non-current assets</b>					
Intangible assets	11	15,267	5,213	15,267	5,213
Fixed assets	12	743,136	716,501	742,774	716,129
Non-current investments	13	375,873	342,623	373,258	340,008
Trade and other receivables	17	154	-	154	-
		1,134,430	1,064,337	1,131,453	1,061,350
<b>Current assets</b>					
Current asset investments	15	193,424	167,811	193,424	167,811
Stock	16	483	427	483	427
Trade and other receivables	17	53,179	50,673	52,972	53,287
Cash and cash equivalents	23	61,325	58,825	60,077	54,290
		308,411	277,736	306,956	275,815
<b>Less Creditors: amounts falling due within one year</b>	18	(115,713)	(111,525)	(111,281)	(106,617)
<b>Net current assets</b>		192,698	166,211	195,675	169,198
<b>Total assets less current liabilities</b>		1,327,128	1,230,548	1,327,128	1,230,548
<b>Creditors: amounts falling due after more than one year</b>	18	(318,273)	(326,351)	(318,273)	(326,351)
<b>Pension provisions</b>	20	(9)	(110,975)	(9)	(110,975)
<b>Total net assets</b>		1,008,846	793,222	1,008,846	793,222
<b>Restricted reserves</b>					
Income and expenditure reserve-endowment reserves	21	255,472	229,303	255,472	229,303
Income and expenditure reserve-restricted reserves	22	51,008	29,779	51,008	29,779
		306,480	259,082	306,480	259,082
<b>Unrestricted reserves</b>					
Income and expenditure reserve-unrestricted		702,366	534,140	702,366	534,140
<b>Total reserves</b>		1,008,846	793,222	1,008,846	793,222

The financial statements on pages 55-81 were approved by Council on 19 November 2024 and were signed on their behalf on that date by:

**Dr Susan Liautaud**  
Chair of Council

**Professor Larry Kramer**  
President and Vice Chancellor

# Consolidated and School Statement of Changes in Reserves

Group	Income and expenditure account			
	Endowment £'000	Restricted £'000	Unrestricted £'000	Total £'000
<b>Balance at 1 August 2023</b>	229,303	29,779	534,140	793,222
Surplus from the income and expenditure statement	26,169	21,229	170,498	217,896
Other comprehensive loss	-	-	(2,272)	(2,272)
<b>Total comprehensive income for the year</b>	26,169	21,229	168,226	215,624
<b>Balance at 31 July 2024</b>	<b>255,472</b>	<b>51,008</b>	<b>702,366</b>	<b>1,008,846</b>
<b>Balance at 1 August 2022</b>	229,357	21,166	484,565	735,088
(Deficit)/Surplus from the income and expenditure statement	(54)	8,613	37,692	46,251
Other comprehensive income	-	-	11,883	11,883
<b>Total comprehensive income for the year</b>	(54)	8,613	49,575	58,134
<b>Balance at 31 July 2023</b>	<b>229,303</b>	<b>29,779</b>	<b>534,140</b>	<b>793,222</b>
School	Income and expenditure account			
	Endowment £'000	Restricted £'000	Unrestricted £'000	Total £'000
<b>Balance at 1 August 2023</b>	229,303	29,779	534,140	793,222
Surplus from the income and expenditure statement	26,169	21,229	170,498	217,896
Other comprehensive loss	-	-	(2,272)	(2,272)
<b>Total comprehensive income for the year</b>	26,169	21,229	168,226	215,624
<b>Balance at 31 July 2024</b>	<b>255,472</b>	<b>51,008</b>	<b>702,366</b>	<b>1,008,846</b>
<b>Balance at 1 August 2022</b>	229,357	21,166	484,563	735,086
(Deficit)/Surplus from the income and expenditure statement	(54)	8,613	37,694	46,253
Other comprehensive income	-	-	11,883	11,883
<b>Total comprehensive income for the year</b>	(54)	8,613	49,577	58,136
<b>Balance at 31 July 2023</b>	<b>229,303</b>	<b>29,779</b>	<b>534,140</b>	<b>793,222</b>

# Consolidated Cash Flow Statement

Year end 31 July 2024

	Group 2024 £'000	Group 2023 £'000
		Restated
<b>Surplus for the year</b>	215,624	58,134
<b>Adjustment for non-cash items</b>		
Depreciation and amortisation	11,12	17,499
(Gain) on investments	13,15	(35,911)
Increase/(decrease) in fair value of hedging financial instrument	19	2,272
Increase in stock	16	(56)
(Increase)/decrease in debtors	17	(2,660)
(Decrease) in creditors	18	(1,826)
(Decrease) in pension provision	20	(110,966)
		(5,176)
<b>Adjustment for investing or financing activities</b>		
Investment income	5	(11,680)
Interest payable	10	9,894
Endowment income	6	(15,882)
Loss on the sale of tangible fixed assets		-
Capital grant income	2	(1,476)
<b>Net cash inflow from operating activities</b>	64,832	27,660
<b>Cash flows from investing activities</b>		
Capital grants received	2	1,476
Investment income received		3,332
Payments made to acquire fixed assets	12	(43,354)
Payments made to acquire intangible assets	11	(10,513)
Purchase of non-current asset investments		(7,104)
Purchase of current asset investments		(7,500)
	(63,663)	(156,502)
<b>Cash flows from financing activities</b>		
Interest paid	10	(9,894)
Endowment cash received	6	15,882
New loans	24	-
Repayments of amounts borrowed	24	(4,657)
	1,331	40,445
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	2,500	(88,397)
Cash and cash equivalents at beginning of the year	23	58,825
Cash and cash equivalents at end of the year	23	61,325

# Notes to the Financial Statements

Year ended 31 July 2024

	Group 2023/24 £'000	Group 2022/23 £'000	School 2023/24 £'000	School 2022/23 £'000
<b>1 TUITION FEES AND EDUCATION CONTRACTS</b>				
Tuition fees:				
Home/EU students	67,426	65,865	67,426	65,865
Overseas students	198,335	184,265	198,335	184,265
Other courses	47,723	42,099	47,723	42,099
Examination and other fees	2,954	2,765	2,954	2,765
	316,438	294,994	316,438	294,994
<b>2 FUNDING BODY GRANTS</b>				
Block recurrent	18,001	18,320	18,001	18,320
Capital grant	1,476	2,349	1,476	2,349
Higher Education Innovations Fund	5,349	5,449	5,349	5,449
Other specific grants	1,992	3,005	1,992	3,005
	26,818	29,123	26,818	29,123
<b>3 RESEARCH GRANTS AND CONTRACTS</b>				
Research Councils	13,717	13,617	13,717	13,616
UK Government departments	10,581	7,073	10,145	6,987
UK Charities	3,315	2,792	3,075	2,438
European Commission and other EU based funders	5,219	8,210	5,219	8,209
Other outside bodies	9,900	8,907	9,219	8,385
	42,732	40,599	41,375	39,635
The source of grant and fee income, excluding VAT, included in notes 1, 2 & 3 above is as follows:				
Grant income from the Office for Students	516	448	516	448
Grant income from other bodies	69,031	69,273	67,674	68,309
Fee income for taught awards	267,041	253,253	267,041	253,253
Fee income for research awards	8,535	7,396	8,535	7,396
Fee income from non-qualifying courses	40,865	34,345	40,865	34,345
	385,988	364,715	384,631	363,751

## Notes to the Financial Statements continued...

<b>4 OTHER INCOME</b>	<b>Group 2023/24 £'000</b>	<b>Group 2022/23 £'000</b>	<b>School 2023/24 £'000</b>	<b>School 2022/23 £'000</b>
Residences and catering	40,266	36,837	32,719	30,347
Academic department income attributable to other activities	1,167	448	1,167	448
University of London International Programmes (ULIP)	10,256	10,424	10,256	10,424
Consultancy services and executive education (LSE Enterprise Limited)	6,371	6,604	-	-
Other services rendered	17,832	16,642	28,031	25,498
Other revenue grants	2,519	720	2,519	720
VAT recovery	1,869	971	1,869	971
Staff and student facilities	66	19	66	19
Sundry	3,447	3,380	3,443	3,372
	<b>83,793</b>	<b>76,045</b>	<b>80,070</b>	<b>71,799</b>

<b>5 INVESTMENT INCOME</b>	<b>Notes</b>	<b>Group 2023/24 £'000</b>	<b>Group 2022/23 £'000</b>	<b>School 2023/24 £'000</b>	<b>School 2022/23 £'000</b>
Investment income on endowments	21	2,890	2,519	2,890	2,519
Other investment income		8,790	5,324	8,702	5,278
		<b>11,680</b>	<b>7,843</b>	<b>11,592</b>	<b>7,797</b>

<b>6 DONATIONS AND ENDOWMENTS</b>		<b>Group 2023/24 £'000</b>	<b>Group 2022/23 £'000</b>	<b>School 2023/24 £'000</b>	<b>School 2022/23 £'000</b>
New endowments	21	15,882	5,161	15,882	5,161
Donations with restrictions	22	30,306	16,417	30,306	16,417
Donations with performance related conditions		-	-	-	-
Unrestricted donations		3,073	1,125	3,073	1,125
		<b>49,261</b>	<b>22,703</b>	<b>49,261</b>	<b>22,703</b>

## Notes to the Financial Statements continued...

<b>7 STAFF COSTS</b>	<b>Group 2023/24 £'000</b>	<b>Group 2022/23 £'000</b>	<b>School 2023/24 £'000</b>	<b>School 2022/23 £'000</b>
Wages and salaries	214,451	200,936	212,906	199,274
Social Security costs	23,841	22,296	23,683	22,106
Other pension costs	31,502	34,100	31,435	34,016
Staff costs (excluding USS provision movement)	269,794	257,332	268,024	255,396
 Movement on USS pension provision	 20	 (113,503)	 (9,044)	 (113,503)
 Total staff costs	 156,291	 248,288	 154,521	 246,352

The School acts as an agent for its subsidiaries. In the current year, the School made a management charge of £4,265k (2022/23: £3,952k) to LSE Enterprise Limited. This includes staff costs.

<b>The average monthly number of persons employed by the group during the year expressed as full-time equivalent was:</b>	<b>Group 2023/24 Number</b>	<b>Group 2022/23 Number</b>
Research and teaching	1,892	1,779
Operational services	1,460	1,410
	3,352	3,189

## Notes to the Financial Statements continued...

### 7 STAFF COSTS CONTINUED...

DIRECTORS' REMUNERATION	Group 2023/24 £'000	Group 2022/23 £'000
Emoluments (2023/24: 7 directors, 2022/23: 8 directors)	1,283	1,203

Salaries are stated gross, before deductions of pension contributions made under the School's salary sacrifice scheme. Included in the above are emoluments of the Vice Chancellors of the School:

#### Determination of President and Vice Chancellor Remuneration

LSE is one of the foremost universities in the world specialising across the full range of social, political and economic sciences and remains a unique forum for research and learning of the highest quality in an evolving higher education sector. A member of the Russell Group, LSE has the highest proportion of world-leading research (across multiple submissions), of any UK university based on the 2021 Research Excellence Framework.

The Vice Chancellor's salary is decided by a remuneration committee, which considers a number of issues to ensure the salary is appropriate, including looking at remuneration at comparable universities in the UK and globally, and the need to attract and retain world-class leadership with wider breadth than academia.

The Vice Chancellor's complex set of responsibilities include contribution to global political and economic questions and calls for a particular combination of qualities. The profile of the role and the internationally competitive position of the School are factors in determining their remuneration.

The Vice Chancellor's performance objectives for the year are set by the Chair of Council on the advice of the Remuneration Committee at the beginning of the academic year. The Chair of Council undertakes an annual performance review of the Vice Chancellor against the objectives, the results of which are reported to the Remuneration Committee and the Committee uses this information as the basis for assessing progress against agreed outcomes at the end of the year.

Salaries are stated gross, before deductions of pension contributions made under the School's salary sacrifice scheme.

Professor Larry Kramer- Vice Chancellor (from 1st April 2024)	Group 2023/24 £'000
Basic salary	132
Other remuneration	47
Payments made in lieu of pension	10

#### Other taxable benefits:

Taxable benefit of accommodation	9
Taxable benefit of accommodation & other expenses	9
Contribution to relocation costs	17
Tax equalisation payments for accommodation	26
	61

#### Non-taxable benefits

Contribution to relocation costs	8
	258

Prior to joining LSE, Larry Kramer was the President of the William and Flora Hewlett Foundation for over 10 years. He has held a variety of positions within academia throughout his career, serving as the Dean of Stanford Law School and as the Associate Dean for Research and Academics & Russell D. Niles Professor of Law at New York University. He has also held research and teaching positions at the University of Chicago and University of Michigan.

The Vice Chancellor's Other remuneration related to a joining fee paid in January 2024.

In accordance with their contract of employment, the Vice Chancellor is required live in School provided accommodation for more effective performance of their duties. The property is funded from a historic legacy gifted for this purpose so does not represent a cost to the School's general funds. In April 2019, HMRC wrote to all universities to warn that changes to its interpretation of the relevant legislation would result in the provision of any accommodation associated with employment becoming a taxable benefit from 6 April 2021. The taxable benefit in respect of the accommodation for the year is derived from the market value of the accommodation in line with HMRC's 'cost of providing living accommodation' rules. The Remuneration Committee approved a tax equalisation arrangement for the Vice Chancellor to ensure that the Vice Chancellor's financial position remained the same as that of an individual paid their basic salary. The tax equalisation payments are reflected in the financial year they are paid.

The Vice Chancellor's pay ratio, based on basic pay as a ratio of the median basic salary of all staff, was 10.2 (2022/23: N/A). The total remuneration ratio was 12.5 (2022/23: N/A). Basic salary and total remuneration are based on full-time equivalent pay for permanent and contract staff employed during 2023/24.

## Notes to the Financial Statements continued...

### 7 STAFF COSTS CONTINUED...

<b>Professor Eric Neumayer – Interim Vice Chancellor (15th June 2023 to 31st March 2024)</b>	<b>Group 2023/24 £'000</b>	<b>Group 2022/23 £'000</b>
Basic salary	195	35
Pension contributions	28	6
Other remuneration	47	-
	270	41

A Professor of Environment and Development, Eric joined LSE in 1998 and has served the School in numerous leadership positions, including as Head of Department (Geography and Environment), Vice Chair of the Appointments Committee and inaugural Pro-Director (Faculty Development). He operated a dual role as Interim Vice Chancellor and President as well as Pro-Vice Chancellor (Planning and Resources).

The Vice Chancellor's Other remuneration related to an honorarium paid for teaching undertaken in LSE's 2023 Summer School whilst they were in office as well as an annual review payment related to their Interim Vice Chancellor role.

The Vice Chancellor's pay ratio, based on basic pay as a ratio of the median basic salary of all staff, was 6.8 (2022/23: 6.5). The total remuneration ratio was 6.9 (2022/23: 7.2). Basic salary and total remuneration are based on full-time equivalent pay for permanent and contract staff employed during 2023/24.

## Notes to the Financial Statements continued...

### 7 STAFF COSTS CONTINUED...

#### Remuneration of higher paid staff

	2023/24	2022/23		2023/24	2022/23
£100,000 - £104,999	39	29	£205,000 - £209,999	3	3
£105,000 - £109,999	38	35	£210,000 - £214,999	8	3
£110,000 - £114,999	17	14	£215,000 - £219,999	6	3
£115,000 - £119,999	20	27	£220,000 - £224,999	2	1
£120,000 - £124,999	28	29	£225,000 - £229,999	2	2
£125,000 - £129,999	38	18	£230,000 - £234,999	1	1
£130,000 - £134,999	16	14	£235,000 - £239,999	2	6
£135,000 - £139,999	13	16	£240,000 - £244,999	2	1
£140,000 - £144,999	16	6	£245,000 - £249,999	4	1
£145,000 - £149,999	10	6	£250,000 - £254,999	1	-
£150,000 - £154,999	5	7	£255,000 - £259,999	1	-
£155,000 - £159,999	7	12	£260,000 - £264,999	1	-
£160,000 - £164,999	11	6	£265,000 - £269,999	-	2
£165,000 - £169,999	3	4	£270,000 - £274,999	-	1
£170,000 - £174,999	3	9	£275,000 - £279,999	1	-
£175,000 - £179,999	8	8	£280,000 - £284,999	2	-
£180,000 - £184,999	7	4	£295,000 - £299,999	1	-
£185,000 - £189,999	5	4	£300,000 - £304,999	-	2
£190,000 - £194,999	6	7	£310,000 - £314,999	1	-
£195,000 - £199,999	7	6	£315,000 - £319,999	1	-
£200,000 - £204,999	5	6		341	293

In accordance with the OfS Accounts Direction, the table above includes the number of staff with a full-time equivalent basic salary of over £100,000 per annum. Basic salary includes market supplements but excludes bonus payments, allowances and other such payments. As per the guidance it also does not include any staff who joined or left during the financial year.

#### Key management personnel

Key management personnel (excluding the Vice Chancellor) are those persons having authority and responsibility for planning, directing and controlling the activities of the School and are members of the School Management Committee. Staff costs include compensation paid to key management personnel.

Key management personnel (2023/24: 7, 2022/23: 8) are:

Pro-Vice Chancellors, Chief Financial Officer, Chief Operating Officer and School Secretary.

	Group 2023/24 £'000	Group 2022/23 £'000
Key management personnel compensation	1,453	1,405

Payment of compensation for loss of office totalling £743k was made to 47 staff in 2023/24 (2022/23: 54 staff; £1,093k).

## Notes to the Financial Statements continued...

<b>8 ACCESS AND PARTICIPATION</b>	<b>Group 2023/24 £'000</b>	<b>Group 2022/23 £'000</b>
Access Investment	1,442	1,299
Financial Support	4,451	4,480
Disability Support (excluding expenditure included in the two categories above)	505	614
Research and Evaluation	272	346
	<b>6,670</b>	<b>6,739</b>

The Access and Participation costs include £1,717k (2022/23: £1,724k) of staff costs which are reported in Note 7.

"The School's Access and Participation plan is published at  
[https://www.lse.ac.uk/study-at-lse/Undergraduate/Assets/PDF/LSE-APP-2020/21-to-2024/25-V.15.06.23.pdf"](https://www.lse.ac.uk/study-at-lse/Undergraduate/Assets/PDF/LSE-APP-2020/21-to-2024/25-V.15.06.23.pdf)

<b>9 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY</b>	<b>Group 2023/24 Staff costs £'000</b>	<b>Group 2023/24 Non pay costs £'000</b>	<b>Group 2023/24 Total £'000</b>	<b>Group 2022/23 Total £'000</b>	<b>School 2023/24 Total £'000</b>	<b>School 2022/23 Total £'000</b>
Academic departments and other academic activities	164,721	30,781	195,502	186,219	194,449	185,214
Library and data and technology services	13,524	15,248	28,772	25,597	28,771	25,597
Research grants and contracts	19,826	9,982	29,808	26,892	29,807	26,892
Scholarships	84	33,755	33,839	31,275	33,839	31,276
General education expenditure	10,688	2,491	13,179	11,939	13,179	11,939
Estates	12,773	18,061	30,834	30,367	30,834	30,367
Administration and central services	18,789	7,266	26,055	25,445	26,055	25,445
Staff and student facilities	10,321	5,993	16,314	15,553	16,314	15,553
Residences and catering	8,136	25,239	33,375	28,801	33,343	28,720
Consultancy services, executive education & other services rendered	6,082	11,705	17,787	16,483	13,764	12,375
USS pension provisions utilised in year	(3,467)	-	(3,467)	(7,683)	(3,467)	(7,683)
	261,477	160,521	421,998	390,888	416,888	385,695
Movement on USS provision	(110,036)	-	(110,036)	(1,361)	(110,036)	(1,361)
Miscellaneous	4,850	2,835	7,685	10,567	7,641	10,514
Depreciation	-	-				
• Estates and IT	-	16,144	16,144	14,825	16,130	14,813
• Residences and catering	-	1,339	1,339	1,247	1,339	1,247
Interest and other finance costs	-	12,432	12,432	13,927	12,432	13,927
	156,291	193,271	349,562	430,093	344,394	424,835

### Other operating expenses include:

Fees payable to the School's auditors for the audit of the financial statements	149	142	149	142
Fees payable to the School's auditors for other services:				
• Audit of the financial statements of the School's subsidiaries	8	13	-	-
• Other services relating to taxation	5	4	-	-
• All other services	8	41	8	41
	170	200	157	183

### Operating lease rentals

Land and buildings	4,503	4,378	4,503	4,378
Other	823	795	823	795
	5,326	5,173	5,326	5,173

## Notes to the Financial Statements continued...

10 INTEREST AND OTHER FINANCE COSTS	Note	Group	Group	School	School
		2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000
Loan interest		9,894	10,059	9,894	10,059
Net charge on pension scheme (unwinding of discount)	20	2,538	3,868	2,538	3,868
		12,432	13,927	12,432	13,927
11 INTANGIBLE ASSETS		Group £'000		School £'000	
<b>Software</b>					
As at 1 August 2023				5,213	5,213
Additions in the year				10,595	10,595
Amortisation charge for year				(541)	(541)
As at 31 July 2024				15,267	15,267
12 TANGIBLE FIXED ASSETS		Land and Buildings £'000	Equipment £'000	Assets Under Construction £'000	Total £'000
<b>GROUP</b>					
<b>Cost</b>					
As at 1 August 2023		845,700	19,650	23,523	888,873
Additions in year		8,576	3	35,014	43,593
Transfer		12,223	5,955	(18,178)	-
Disposals in year		-	(1,762)	-	(1,762)
As at 31 July 2024		866,499	23,846	40,359	930,704
<b>Accumulated depreciation</b>					
As at 1 August 2023		156,039	16,333	-	172,372
Charge for year		14,715	2,227	-	16,942
Disposals in year		-	(1,762)		(1,762)
Impairment losses in year		-	16		16
As at 31 July 2024		170,754	16,814	-	187,568
<b>Net book value</b>					
As at 1 August 2023		689,661	3,317	23,523	716,501
As at 31 July 2024		695,745	7,032	40,359	743,136
<b>SCHOOL</b>					
<b>Cost</b>					
As at 1 August 2023		845,034	19,670	23,523	888,227
Additions in year		8,572	3	35,014	43,589
Transfer		12,223	5,955	(18,178)	-
Disposals in year		-	(1,762)	-	(1,762)
As at 31 July 2024		865,829	23,866	40,359	930,054
<b>Accumulated depreciation</b>					
As at 1 August 2023		155,745	16,353	-	172,098
Charge for year		14,701	2,227	-	16,928
Disposals in year		-	(1,762)	-	(1,762)
Impairment losses in year		-	16	-	16
As at 31 July 2024		170,446	16,834	-	187,280
<b>Net book value</b>					
As at 1 August 2023		689,289	3,317	23,523	716,129
As at 31 July 2024		695,383	7,032	40,359	742,774

**Group and School**

Fixed assets acquired by the School are funded mainly by retained surplus. Many assets have conditions attached in the case of disposal and the proceeds may therefore not be available to the School. 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 ascribed to them. 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. In 2023/24, the Library's contents and works of art are insured for £199.5 million and £1.8 million respectively (2022/23: £196.9 million and £1.8 million respectively).

Land and Buildings includes land at Glengall Road acquired in 2021/22 for £27.4m in relation to the School's service concession arrangement and £8.36m for the purchase of 51 Lincoln's Inn Fields in 2023/24."

## Notes to the Financial Statements continued...

	Other fixed assets investments £'000	Subsidiary Undertakings £'000	Investment in Associates £'000	Total £'000
<b>13 NON-CURRENT INVESTMENTS</b>				
<b>Group</b>				
As at 1 August 2023	339,858	-	2,765	342,623
Additions	58,507	-	-	58,507
Disposals	(51,623)	-	-	(51,623)
Increase in market value of investments	28,823	-	-	28,823
Decrease in investment cash	(2,457)	-	-	(2,457)
As at 31 July 2024	373,108	2,765	375,873	
<b>School</b>				
As at 1 August 2023	339,858	150	-	340,008
Additions	58,507	-	-	58,507
Disposals	(51,623)	-	-	(51,623)
Increase in market value of investments	28,823	-	-	28,823
Decrease in investment cash	(2,457)	-	-	(2,457)
As at 31 July 2024	373,108	150	-	373,258
<b>Other fixed assets investments consist of:</b>				
<b>Group and School</b>				
<b>Analysis of closing balance</b>				
UK equities			6,604	1,212
Overseas equities			289,773	261,065
UK corporate bonds			24,360	20,377
Investment in property funds			20,368	33,354
Money market funds			-	100
Cash on account			10,263	12,775
Property and other investments			2,997	2,669
Private Equity			18,743	8,306
			373,108	339,858
<b>Made up of the following portfolios:</b>				
School Fund			111,427	101,434
Growth			206,598	182,733
Gift matching			15,426	20,536
FER			36,660	32,486
Property and other investments			2,997	2,669
			373,108	339,858
<b>Subsidiary and Associate Undertakings</b>				
Name	Nature of Business	Country of registration	Shareholding	Number of Shares
LSE Enterprise Limited, Houghton Street, London, WC2A 2AE	Consultancy and Vacation Lettings	England	100%	150,000
LSE LETS Limited, Houghton Street, London, WC2A 2AE	Dormant Company	England	100%	2
LSE GGR Holding Company Limited, Houghton Street, London, WC2A 2AE	Holding Company	England	100%	1
LSE GGR Intermediate Company Limited, Houghton Street, London, WC2A 2AE	Holding Company	England	100%	1
Spark Living (LSE Glengall Road) LLP, 3-5 Charlotte Street, Manchester, M1 4HB	Construction and operation of Hall of Residence	England	19.90%	N/A

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 in the Consolidated Statement of Comprehensive Income and Expenditure.

The School has a 19.9% shareholding in Spark Living (LSE Glengall Road) LLP through two wholly owned subsidiaries; LSE GGR Holding Company Limited and LSE GGR Intermediate Company Limited. The principal activity of the company is to build and operate a hall of residence on land owned by the School.

## Notes to the Financial Statements continued...

### 13 NON-CURRENT INVESTMENTS CONTINUED...

#### Participating undertakings

The School has invested in commercialisation opportunities in order to generate revenues to contribute to the sustainability of its core research, but recognises the uncertain nature of direct financial returns from this type of activity at least in the short term. A prudent approach has been adopted and thus a provision for impairment equivalent to the full value of the investment has been made. This relates to an investment of £1.95m in Zinc Ventures Limited in 2017-18, with a full provision being made in the same financial year.

### 14 JOINTLY CONTROLLED OPERATIONS

The School has a one third share in the TRIUM MBA course with NYU Stern and HEC Paris. As the School acts as agent in this regard, one third of the income and expenditure of the jointly controlled operation is recognised in the School's Statement of Comprehensive Income and Expenditure whilst the assets and liabilities of the operation are included within the School's balance sheet. The total cash held by the School as an administrator as at 31 July 2024 was \$8.14 million (2023: \$12.45 million).

The jointly controlled operation is included in the financial statements as follows:

	Group and School 2024 £'000	Group and School 2023 £'000
<b>Income and Expenditure</b>		
Share of income	2,172	2,357
Share of expenditure	(1,718)	(1,780)
Share of surplus	454	577
<b>Balance sheet</b>		
Gross assets	8,309	11,913
Gross liabilities	(8,309)	(11,913)
Share of reserves	-	-
Balances due to other partners (within Other Creditors)	1,581	2,710
<b>Current Asset Investments</b> £'000		

### 15 CURRENT ASSET INVESTMENTS

#### Group

As at 1 August 2023	167,811
Additions	72,342
Disposals	(53,176)
Increase in market value of investments	7,088
Decrease in investment cash	(641)
As at 31 July 2024	193,424

#### School

As at 1 August 2023	167,811
Additions	72,342
Disposals	(53,176)
Increase in market value of investments	7,088
Decrease in investment cash	(641)
As at 31 July 2024	193,424

#### Other current asset investments consist of:

	2024 £'000	2023 £'000
--	---------------	---------------

#### Analysis of closing balance

UK corporate bonds	173,767	154,724
Money market funds	6,080	6,120
Cash on account	5,978	6,967
Term Deposit	7,599	-
	193,424	167,811

#### Made up of the following portfolio:

	£'000	£'000
--	-------	-------

Capital Projects	185,825	167,811
School working capital	7,599	-
	193,424	167,811

### 16 STOCK

	Group 2024 £'000	Group 2024 £'000	School 2024 £'000	School 2023 £'000
Food, beverages and consumables	483	427	483	427

## Notes to the Financial Statements continued...

17 TRADE AND OTHER RECEIVABLES	Group	Group	School	School
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Other trade receivables	32,536	27,149	30,625	24,650
Research grants receivable	7,892	5,808	7,892	5,808
Amounts due from group undertakings	-	-	3,511	6,815
Taxation and Social Security	-	5,593	-	5,591
Staff loans for housing	40	40	40	40
Other receivables	531	594	531	594
Prepayments and accrued income	12,180	11,295	10,373	9,595
	53,179	50,479	52,972	53,093
<b>Amounts falling due after more than one year:</b>				
Staff loans for housing	154	194	154	194
	154	194	154	194

Other trade receivables are shown net of a provision for debts considered not to be recoverable at the Balance Sheet date.

18 CREDITORS	Group	Group	School	School
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Bank loans	4,657	4,657	4,657	4,657
Trade payables	8,349	6,391	8,233	6,198
Research creditors and grants received on account	22,545	29,982	22,545	29,982
Taxation and Social Security	748	-	750	-
Other creditors	9,071	6,087	9,063	6,085
Accruals	31,149	32,127	27,532	28,159
Provision for dilapidations	-	-	-	-
Receipts in advance and deferred income	39,194	32,281	38,501	31,536
	115,713	111,525	111,281	106,617
<b>Amounts falling due after one year:</b>				
Bank loans and loan notes	266,300	270,957	266,300	270,957
Derivatives	4,315	2,043	4,315	2,043
Other creditors	9	4,731	9	4,731
Deferred income	47,649	48,620	47,649	48,620
	318,273	326,351	318,273	326,351

The balance within Deferred Income (falling due after one year) relates to funds received for a 50 year lease of the land purchased at the Glengall Road site. The minimum payments in relation to the Glengall Road service concession arrangement at July 2024 due within 1 year, 2-5 years and over 5 years are £nil.

Other creditors (falling due after one year) relates to monies held in trust. The School is entitled to the income, which is used to advance education by supporting an academic programme.

Included in research creditors and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Group	Group	School	School
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<b>Donations</b>				
Donations	3,042	382	3,042	382
Research grants received on account	22,545	29,982	22,545	29,982
Grant income	2,003	634	2,003	634
	27,590	30,998	27,590	30,998

## Notes to the Financial Statements continued...

<b>19 BORROWINGS</b>	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>	<b>School 2024 £'000</b>	<b>School 2023 £'000</b>
<b>Bank loans and loan notes are repayable as follows:</b>				
In one year or less	4,657	4,657	4,657	4,657
Between one and two years	4,657	4,657	4,657	4,657
Between two and five years	11,643	13,971	11,643	13,971
In five years or more	250,000	252,329	250,000	252,329
	<b>270,957</b>	<b>275,614</b>	<b>270,957</b>	<b>275,614</b>

The School has a £75.0 million amortising loan repayable by December 2028 secured over School property. £21.0 million was outstanding at 31 July 2024 (2023: £25.6m). The School has entered into interest rate swap agreements (derivatives) with a nominal value totalling £65.0 million. 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 are shown at market value at the balance sheet date.

<b>Lender</b>	<b>£m</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Borrower</b>
Bank loan	21.0	22 December 2028	SONIA + 0.25%	School
Private placement	30.0	27 November 2028		School
Private placement	25.0	27 November 2043		School
Private placement	30.0	27 November 2043		School
Private placement	40.0	27 November 2053	2.70% to 4.15%	School
Private placement	10.0	13 March 2058		School
Private placement	40.0	13 March 2063		School
Private placement	75.0	11 July 2063		School
<b>Total</b>	<b>271.0</b>			

<b>Derivatives</b>	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>	<b>School 2024 £'000</b>	<b>School 2023 £'000</b>
Fair value at 1 August 2023	2,043	13,926	2,043	13,926
Change in fair value	2,272	(11,883)	2,272	(11,883)
<b>Fair value at 31 July 2024</b>	<b>4,315</b>	<b>2,043</b>	<b>4,315</b>	<b>2,043</b>

<b>20 PENSION PROVISIONS</b>	<b>Notes</b>	<b>Obligation to fund deficit on USS Pension £'000</b>	<b>Pension enhancement on termination £'000</b>	<b>Total Pensions Provisions £'000</b>
Group and School				
As at 1 August 2023		110,966	9	110,975
Contributions to the provision	7	(3,468)	-	(3,468)
Net charge on pension scheme (unwinding of discount)	10	2,538	-	2,538
Reversal of provision at 31 December 2023	7	(110,036)	-	(110,036)
<b>As at 31 July 2024</b>		-	9	9

## Notes to the Financial Statements continued...

### 20 PENSION PROVISIONS CONTINUED...

#### **Obligation to fund deficit on USS Pension**

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arose from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating the provision, management estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions for the prior year provision are set out below and further information is provided in note 25.

At 31 July 2024, due to the March 2023 valuation, no deficit recovery plan was required because the scheme was in surplus on a technical provisions basis. The School was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the Consolidated Statement of Comprehensive Income.

At 31 July 2023 the School's obligation to fund the deficit on the USS Scheme was 2.0 percentage points per annum from October 2019 to September 2021, 6.2 percentage points per annum from April 2022 to March 2024 and 6.3 percentage points thereafter until April 2038. Using prudent estimates of the School's future payroll expenditure and an appropriate discount rate this represented a provision of £111.0 million. In arriving at this provision value in the prior year, management have used the following estimates of the growth in employee numbers, salary payments and applied a 5.49 per cent discount in establishing a present value of these obligations:

	<b>Group and School</b>
Inflation	4 - 5 % over the period
Staff numbers	(0.04%) - 6.28% over the period

#### **Pension enhancement on termination**

Pension enhancements are payable to staff who have retired under the previous superannuation scheme for academic and related staff, FSSU.

<b>21 ENDOWMENT RESERVES</b>	<b>Expendable £'000</b>	<b>Restricted permanent £'000</b>	<b>Unrestricted permanent £'000</b>	<b>2024 Total £'000</b>	<b>2023 Total £'000</b>
<b>Group and School</b>					
Capital value	105,827	119,404	-	225,231	225,252
Accumulated income	2,867	1,205	-	4,072	4,105
As at 1 August 2023	108,694	120,609	-	229,303	229,357
New endowments	2,034	7,682	6,166	15,882	5,161
Investment income	1,205	1,464	221	2,890	2,519
Expenditure for the year	(7,709)	(3,935)	-	(11,644)	(10,093)
Increase/(decrease) in market value of investments	7,772	10,523	746	19,041	2,359
Transfers between reserves	-	(172)	172	-	-
Total endowment comprehensive income for the year	3,302	15,562	7,305	26,169	(54)
<b>As at 31 July 2024</b>	<b>111,996</b>	<b>136,171</b>	<b>7,305</b>	<b>255,472</b>	<b>229,303</b>

#### **Represented by:**

Capital value	109,132	135,432	6,633	251,197	225,231
Accumulated income	2,864	739	672	4,275	4,072
	<b>111,996</b>	<b>136,171</b>	<b>7,305</b>	<b>255,472</b>	<b>229,303</b>

#### **Analysis by type of purpose:**

Named chairs and lectureships	11,981	44,207	-	56,188	48,789
Scholarships and bursaries	17,205	32,498	-	49,703	45,736
Research support	7,628	56,471	-	64,099	60,797
Library	138	2,658	-	2,796	2,700
Widening participation	441	-	-	441	483
Support for academic activities	69,545	337	-	69,882	65,870
General	5,058	-	7,305	12,363	4,928
	<b>111,996</b>	<b>136,171</b>	<b>7,305</b>	<b>255,472</b>	<b>229,303</b>

#### **Analysis by asset**

Non current asset investments	111,996	136,171	7,305	255,472	229,303
	<b>111,996</b>	<b>136,171</b>	<b>7,305</b>	<b>255,472</b>	<b>229,303</b>

## Notes to the Financial Statements continued...

	2024	2023
	Total	Total
	£'000	£'000

**22 RESTRICTED RESERVES****Group and School**

Reserves with restrictions are as follows:

As at 1 August 2023	29,779	21,166
New donations	30,306	16,417
Other income	875	397
Expenditure for the year	(9,952)	(8,201)
Total restricted comprehensive income for the year	21,229	8,613
As at 31 July 2024	<u>51,008</u>	<u>29,779</u>

	2024	2023
	Total	Total
	£'000	£'000

**Analysis of other restricted funds /donations by type of purpose:**

Research support	3,387	3,610
Support for academic activities	41,695	23,420
Support for facilities	534	319
Capital development	509	-
Student support	4,883	2,430
	<u>51,008</u>	<u>29,779</u>

## Notes to the Financial Statements continued...

	At 1 August 2023 £'000	Cash flows £'000	At 31 July 2024 £'000
<b>23 CASH AND CASH EQUIVALENTS</b>			
<b>Group</b>			
Cash and cash equivalents	25,016	8,907	33,923
Bank deposits and money market funds	33,809	(6,407)	27,402
	<b>58,825</b>	<b>2,500</b>	<b>61,325</b>
<b>24 CONSOLIDATED RECONCILIATION OF NET DEBT</b>			
<b>Net debt 1 August 2023</b>			<b>2024 £'000</b>
Movement in cash and cash equivalents			(2,500)
New loans obtained in year			-
Loan repayments			(4,657)
Changes in market value and exchange rates			2,272
<b>Net debt 31 July 2024</b>			<b>213,947</b>
<b>Change in net debt</b>			<b>(4,885)</b>
<b>Analysis of net debt:</b>			
<b>Cash and cash equivalents</b>	<b>2024 £'000</b>		<b>2023 £'000</b>
Cash and cash equivalents	61,325		58,825
<b>Borrowings: amounts falling due within one year</b>			
Secured loans	4,657		4,657
	<b>4,657</b>		<b>4,657</b>
<b>Borrowings: amounts falling due after more than one year</b>			
Derivatives	4,315		2,043
Secured loans	16,300		20,957
Unsecured loans	250,000		250,000
	<b>270,615</b>		<b>273,000</b>
<b>Net debt</b>			<b>213,947</b>
			<b>218,832</b>

## 25 PENSION COMMITMENTS

The School participates in the Universities' Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). The USS and SAUL pension schemes are both a combination of defined benefit (DB) and defined contribution (DC).

<b>Pension Scheme</b>	<b>USS</b>		<b>SAUL</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Active members	2,301	2,141	1,620	1,608
Contribution made (in £'000)	23,541	26,768	8,357	7,554

The employer contribution rate for the USS DB and DC pension schemes was 21.6% from 1st August to 31st December 2023 and 14.5% from 1st January 2024 onwards (2022/23: 21.6% from 1st August 2022 to 31st July 2023).

The employer contribution rate for the SAUL DB pension scheme was 21% from 1st August 2023 to 31st July 2024 (2022/23: 19% from 1st August 2022 to 31st December 2023; 21% from 1st January to 31st July 2023). The employer contribution rate for the SAUL DC pension scheme was 16% from 1st August 2023 to 31st July 2024 (2022/23: 16% from 1st August 2022 to 31st July 2023).

## Notes to the Financial Statements continued...

### 25 PENSION COMMITMENTS CONTINUED...

#### (i) USS

##### General description of the scheme

The School participates in the Universities Superannuation Scheme and is available to staff members on or above Salary Band 6; the scheme requires exclusivity of memberships for these grades. USS is a UK wide scheme with more than 350 Higher Education Institutions as members and is a not-for-profit corporate trustee. It is a hybrid pension scheme, providing defined benefits for all members, as well as defined contribution benefits.

The assets of the scheme are held in a separate trustee-administered fund. Due to the mutual nature of the scheme, the School is unable to identify its share of the underlying assets and liability of the scheme on a consistent and reasonable basis. The following disclosures reflect those relevant for the scheme assets and liabilities as a whole.

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles ([uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](http://uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. from 2030
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps  Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

2023 Valuation	
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2021 with a smoothing parameter of 7.5, an initial addition of 0.4% p.a., 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

## Notes to the Financial Statements continued...

### 25 PENSION COMMITMENTS CONTINUED...

The current life expectancies on retirement at age 65 are:	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. As set out in Note 20, no deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

### (ii) SAUL

#### General description of the pension scheme

The School participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016). The Scheme is available to staff members on salary bands 1 to 5.

SAUL is an independently managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

The School is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

#### Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2023. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and the Employers in June 2024 and will be reviewed at SAUL's next formal valuation in 2026. At the 31 March 2023 valuation SAUL was 105% funded on its Technical Provisions basis. As SAUL was in surplus on its Technical Provisions basis, no deficit contributions were required. The Trustee and the Employers agreed to an increase in the Employers' contributions to 21% of CARE Salaries from 1 January 2023 and this remained unchanged during the 2023/24 financial year.

### (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 20.

## Notes to the Financial Statements continued...

	Group 2024 £'000	Group 2023 £'000	School 2024 £'000	School 2023 £'000
<b>26 CAPITAL AND OTHER COMMITMENTS</b>				
Provision has not been made for the following capital commitments at 31 July:				
Commitments contracted for:				
Capital development projects	12,742	1,794	12,742	1,794
Refurbishments	3,600	1,948	3,600	1,948
Equipment and IT software	9,222	1,667	9,222	1,667
	25,564	5,409	25,564	5,409

Capital commitments will be met through a mixture of general School funds and donations.

	Land and buildings £'000	Other leases £'000	Group 2024 £'000	Group 2023 £'000
<b>27 LEASE OBLIGATIONS</b>				
Total rentals payable under operating leases:				
<b>Payable during the year</b>	4,503	823	5,326	5,173
<b>Future minimum lease payments due:</b>				
Within one year	4,631	665	5,296	4,749
Between two and five years	19,887	1,440	21,327	19,893
Five years or more	5,300	-	5,300	10,513
<b>Total lease payments due</b>	29,818	2,105	31,923	35,155

Space within some of the School's land and buildings as disclosed in note 12 tangible assets is let to third parties. These non-cancellable leases have remaining terms of between one and 20 years. The majority of leases include a provision for upward rent reviews, according to prevailing market conditions.

	Group 2024 £'000	Group 2023 £'000
<b>Future minimum lease payments receivable:</b>		
Within one year	2,118	1,521
Between two and five years	6,346	6,046
Five years or more	2,293	3,275
<b>Total lease payments receivable</b>	10,757	10,842

## 28 CONTINGENT LIABILITIES

The School has entered into rental guarantees with Sanctuary Students and Urbanest UK Minorities Limited. Between 2023/24 and 2040-41 the School has financial commitments relating to 1,387 beds with a potential liability estimated at £16.9 million per year. A liability has not been recognised in the financial statements for these commitments as the School expects to fulfill its obligations in ensuring these halls are sufficiently occupied in line with its guarantees.

## Notes to the Financial Statements continued...

### 29 RELATED PARTY TRANSACTIONS

The School has maintained a Register of Interests. Written assurances have been obtained from all Council members and senior management in respect of themselves and their close family that for the year ended 31 July 2024, they have not unduly influenced any transaction between the School and a related party.

During the year ended 31 July 2024, LSE had transactions with several organisations which fall within the definition of related parties under FRS 102 Section 33 'Related Party Disclosures'. Due to the nature of School's operations and the composition of Council (being drawn from a range of public and private sector organisations), it is inevitable that transactions in the normal course of business will take place with entities in which members of Council (or indeed other key management personnel) may have an interest. All such transactions, including those identified below, are carried out on normal commercial terms and in accordance with the School's Financial Regulations and procurement procedures.

The School has taken advantage of the exemption within FRS 102 Section 33 and not disclosed transactions with wholly-owned subsidiaries. Included in the financial statements are the following transactions between the School and related parties.

Organisations with relationships with Council members and senior management	Income/ Receipts £	Expenditure/ Payments £	Balance due (to)/from at 31 July 2024 £
2U	6,471,695	568,245	692,980
CASE (Council for the Advancement and Support of Education)	-	18,193	-
Central Bank of Ireland	4,000	-	2,250
CIVICA	50,072	-	0
Council & SMC members	825,656	-	-
EdX	16,173	-	-
Elsevier	8,389	155,644	(855)
Gates Foundation	1,136,352	-	-
Houghton Street Ventures	-	542,750	250,000
Kortext	-	200,000	-
London School of Hygiene and Tropical Medicine	854,955	46,743	-
LSE Students' Union	1,836,338	3,974,178	452,234
Marshall Wace Ltd	-	-	(288)
Rockefeller Foundation	976,946	-	-
Royal Economic Society	1,959	-	1,959
Russell Group of Universities	34,869	92,500	5,581
The Royal Society	-	7,262	-

The School's Council members are the trustees for charitable law purposes. During 2023/24, the School covered expenses of £10,152 on behalf of 2 Council members in relation to their role as trustee (2022/23: £5,699; 1 Council member). This represents travel and accommodation expenses incurred in attending Council, Committee meetings and events in their official capacity as a Council member. No payments were made to any trustee for serving as a trustee.

The activities of the LSE Students' Union have not been consolidated as the School does not have significant influence over its activities. The General Secretary of the Students' Union is a member of Council. During 2023/24, 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 has entered into rental agreements with the Students' Union for specific areas of the School, which it occupies.

The School has conducted a review of linked charities in 2023/24 and found no associated entities falling within the definition set out under Section 28 of Schedule 3 of the Charities Act 2016.

## Notes to the Financial Statements continued...

30 FINANCIAL INSTRUMENTS – GROUP	Notes	Available for sale £'000	Held to maturity £'000	Total £'000	Fair Value £'000
<b>Financial assets measured at fair value as at 31 July 2024</b>					
<b>Financial assets not measured at fair value as at 31 July 2024</b>					
Freehold property	13	34	-	34	Not available
Investments in associates	13	-	2,765	2,765	Not available
		34	2,765	2,799	
<b>Financial liabilities measured at fair value as at 31 July 2024</b>					
Interest rate swaps associated with bank loans	19	4,315	-	4,315	4,315
<b>Financial assets measured at fair value as at 31 July 2023</b>					
Equity securities	13	295,631	-	295,631	295,631
Corporate debt securities	13, 15	175,101	-	175,101	175,101
Private Equity	13	8,306		8,306	8,306
Cash and cash equivalents	13	25,962	-	25,962	25,962
		505,000	-	505,000	505,000
<b>Financial assets not measured at fair value as at 31 July 2023</b>					
Shared equity housing loans and freehold property	13	34	2,635	2,669	Not available
Investments in associates	13	-	2,765	2,765	Not available
		34	5,400	5,434	
<b>Financial liabilities measured at fair value as at 31 July 2023</b>					
Interest rate swaps associated with bank loans	19	2,043	-	2,043	2,043

The fair values of the assets and liabilities measured at fair value at the balance sheet date are determined using quoted prices in active markets.

Trade and other payables and receivables, amounts due to and from subsidiary companies and long term borrowings are held at amortised cost. Details can be found at notes 17, 18 and 19 to these financial statements.

## Notes to the Financial Statements continued...

31 STATEMENT OF COMPREHENSIVE RESTRICTED AND UNRESTRICTED INCOME AND EXPENDITURE	Notes	Group 2023/24			Group 2022/23		
		Unrestricted and designated £'000	Restricted £'000	Total £'000	Unrestricted and designated £'000	Restricted £'000	Total £'000
<b>INCOME</b>							
Tuition fees and education contracts	1	316,438	-	316,438	294,994	-	294,994
Funding body grants	2	26,818	-	26,818	29,123	-	29,123
Research grants and contracts	3	42,732	-	42,732	40,599	-	40,599
Other income	4	82,918	875	83,793	75,648	397	76,045
Investment income	5	8,790	2,890	11,680	5,324	2,519	7,843
<b>Total income before donations and endowments</b>		477,696	3,765	481,461	445,688	2,916	448,604
Donations and endowments	6	3,073	46,188	49,261	1,125	21,578	22,703
<b>Total income</b>		480,769	49,953	530,722	446,813	24,494	471,307
<b>EXPENDITURE</b>							
Staff costs (excluding USS provision movement)	7	262,568	7,226	269,794	251,618	5,714	257,332
Movement in USS Pension Provision	7	(113,503)	-	(113,503)	(9,044)	-	(9,044)
Staff costs	7	149,065	7,226	156,291	242,574	5,714	248,288
Other operating expenses		148,986	14,370	163,356	139,226	12,580	151,806
Depreciation	11, 12	17,483	-	17,483	16,072	-	16,072
Interest and other finance costs	10	12,432	-	12,432	13,927	-	13,927
<b>Total expenditure</b>	9	327,966	21,596	349,562	411,799	18,294	430,093
<b>Surplus before other gains/losses</b>		152,803	28,357	181,160	35,014	6,200	41,214
Gain on investments	13	17,695	19,041	36,736	2,678	2,359	5,037
Change in fair value of hedging financial instruments	19	(2,272)	-	(2,272)	11,883	-	11,883
<b>Surplus before tax</b>		168,226	47,398	215,624	49,575	8,559	58,134
Taxation		-	-	-	-	-	-
<b>Surplus/(Deficit) for the year/ Total comprehensive income for the year</b>		168,226	47,398	215,624	49,575	8,559	58,134
Represented by:							
Endowment comprehensive income for the year	21	-	26,169	26,169	-	(54)	(54)
Restricted comprehensive income for the year	22	-	21,229	21,229	-	8,613	8,613
Unrestricted comprehensive income for the year		168,226	-	168,226	49,575	-	49,575
		168,226	47,398	215,624	49,575	8,559	58,134

## Notes to the Financial Statements continued...

	Group 2023/24	Group 2022/23	School 2023/24	School 2022/23
	Total £'000	Total £'000	Total £'000	Total £'000
<b>32 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION</b>				
Surplus before other gains/(losses)	181,160	41,214	181,160	41,216
Adjust for:				
Interest payable	9,894	10,059	9,894	10,059
Pension finance charge	2,538	3,868	2,538	3,868
Depreciation	17,483	16,072	17,469	16,060
Pension provision adjustments	(113,504)	(9,044)	(113,504)	(9,044)
Earnings before interest, tax, depreciation and amortisation	97,571	62,169	97,557	62,159

### 33 PRIOR PERIOD ADJUSTMENT

The prior year figure for Cash flows from investing activities on the Consolidated Cash Flow Statement have been restated to exclude the movements in investment cash within the School's current and non-current investment portfolios which are generated by purchases, sales and income generated from investment holdings within the portfolios. They are excluded from disclosure as these movements do not impact the School's cash and cash equivalent holdings which relate to its operating cash and working capital accounts. The total cash flow from investing activities figure for FY 2022/23 was a cash outflow of £156.5m (total unchanged); a breakdown of which can be found below with a reconciliation to the restated disclosure.

	School 2022/23 £'000	Restatement Adjustment £'000	Restated School 2022/23 £'000
<b>Cash flows from investing activities</b>			
Capital grants received	2,349	-	2,349
Disposal of non-current asset investments	68,178	(68,178)	-
Disposal of current asset investments	38,374	(38,374)	-
Investment income received	7,843	(5,868)	1,975
Payments made to acquire fixed assets	(21,685)	-	(21,685)
Payments made to acquire intangible assets	(4,141)	-	(4,141)
Purchase of non-current asset investments	(71,902)	61,902	(10,000)
Purchase of current asset investments	(166,173)	41,173	(125,000)
Increase in investment cash	(9,345)	9,345	-
<b>Total cash flows from investing activities</b>	<b>(156,502)</b>	<b>-</b>	<b>(156,502)</b>

# Notes to the Financial Statements continued...

## 34 FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION

The School participates in the US Department of Education's Federal Loan scheme and the inclusion of the supplemental schedule is a requirement of the scheme. The figures are prepared under UK Generally Accepted Accounting Practice (GAAP) and not US GAAP.

### Primary Reserve Ratio

#### Expendable Net Assets

Statement/Note	Line item / related disclosure	2023/24 £000's	2022/23 £000's
Balance sheet	Statement of Financial Position – Unrestricted reserves	Net assets without donor restrictions	702,366
Balance sheet	Statement of Financial Position – Restricted reserves	Net assets with donor restrictions	306,480
N/A	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	-
N/A	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-
Note 12	Statement of Financial Position – Fixed assets	Property, plant and equipment, net (includes Construction in progress)	743,136
	Note of the Financial Statements – Statement of Financial Position – Fixed assets – pre-implementation	Property, plant and equipment – pre-implementation	-
	Note of the Financial Statements – Statement of Financial Position – Fixed assets – post-implementation with outstanding debt for original purchase	Property, plant and equipment – post-implementation with outstanding debt for original purchase	43,691
	Note of the Financial Statements – Statement of Financial Position – Fixed assets – post-implementation without outstanding debt for original purchase	Property, plant and equipment – post-implementation without outstanding debt for original purchase	680,879
	Note of the Financial Statements – Statement of Financial Position – Construction in progress	Construction in progress	18,566
N/A	Statement of Financial Position – Lease right-of-use assets, net	Lease right-of-use asset, net	-
	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-
	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation	-
Note 11	Statement of Financial Position – Intangible assets (Goodwill and other intangibles)	Intangible assets	15,267
Note 20	Statement of Financial Position – Post-employment and pension liabilities	Post-employment and pension liabilities	9
Note 18	Statement of Financial Position – Bank loans and loan notes for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt – for long term purposes	270,957
	Statement of Financial Position – Bank loans and loan notes for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt – for long term purposes pre-implementation	-
	Statement of Financial Position – Bank loans and loan notes for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt – for long term purposes post-implementation	43,691
	Statement of Financial Position – Bank loans and loan notes for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process	18,566
N/A	Statement of Financial Position – Lease right-of-use asset liability	Lease right-of-use asset liability	-
	Statement of Financial Position – Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-
	Statement of Financial Position – Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases	-
N/A	Statement of Financial Position – Annuities	Annuities with donor restrictions	-
N/A	Statement of Financial Position – Term endowments	Term endowments with donor restrictions	-
N/A	Statement of Financial Position – Life Income Funds	Life income funds with donor restrictions	-
Note 21	Statement of Financial Position – Permanent endowments	Net assets with donor restrictions: restricted in perpetuity	143,476
			120,609

#### Total Expenses and Losses

Statement/Note	Line item / related disclosure	2023/24 £000's	2022/3 £000's
Note 31	Statement of Activities – Total Unrestricted Expenditure (Staff costs (excluding USS provision movement), Otheroperating expenses, Depreciation, Interest and other finance costs)	Total expenses without donor restrictions – taken directly from Statement of Activities	441,469
Statement of Comprehensive Income and Expenditure	Statement of Activities – Non-Operating loss – Change in fair value of derivatives	Non-Operating and Net Investment (loss)	2,272
N/A	Statement of Activities – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses	-
N/A	Statement of Activities – Pension related changes other than net periodic pension	Pension-related changes other than net periodic costs	-

### Equity ratio

#### Modified Net Assets

Statement/Note	Line item / related disclosure	2023/24 £000's	2022/3 £000's
Balance sheet	Statement of Financial Position – Unrestricted reserves	Net assets without donor restrictions	702,366
Balance sheet	Statement of Financial Position – Restricted reserves	Net assets with donor restrictions	306,480
Note 11	Statement of Financial Position – Intangible assets (Goodwill and other intangibles)	Intangible assets	15,267
N/A	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	-
N/A	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-

#### Modified Assets

Statement/Note	Line item / related disclosure	2023/24 £000's	2022/3 £000's
Balance sheet	Statement of Financial Position – Total of non-current assets plus total of current assets	Total Assets	1,442,841
N/A	Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	-
N/A	Statement of Financial Position – Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	-
Note 11	Statement of Financial Position – Intangible assets (Goodwill and other intangibles)	Intangible assets	15,267
N/A	Statement of Financial Position – Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	-
N/A	Statement of Financial Position – Related party receivable and Related party note disclosure	Unsecured related party receivable	-

#### Net Income Ratio

Statement/Note	Line item / related disclosure	2023/24 £000's	2022/3 £000's
Statement of Comprehensive Income and Expenditure	Statement of Activities – Unrestricted comprehensive income for the year	Change in Net Assets Without Donor Restrictions	168,226
Note 31	Statement of Activities – Total unrestricted income for the year plus unrestricted gains on investments plus unrestricted change on fair value of hedging financial instruments plus movement in USS pension provision	Total Revenue and Gains (includes gain in IR SWAP and reduction in pension provision)	611,967
			470,418

# Five year group financial summary (unaudited)

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
<b>Income</b>					
Tuition fees and education contracts	316,438	294,994	265,772	250,749	228,111
Funding body grants	26,818	29,123	29,152	37,001	29,304
Research grants and contracts	42,732	40,599	36,886	34,932	34,246
Other income	83,793	76,045	64,687	54,437	66,898
Investment income	11,680	7,843	3,546	3,286	3,879
<b>Total income before endowments and donations</b>	<b>481,461</b>	<b>448,604</b>	<b>400,043</b>	<b>380,405</b>	<b>362,438</b>
Donations and endowments	49,261	22,703	41,330	14,400	58,469
<b>Total income</b>	<b>530,722</b>	<b>471,307</b>	<b>441,373</b>	<b>394,805</b>	<b>420,907</b>
<b>Expenditure</b>					
Staff costs	269,794	257,332	228,427	216,752	220,334
Change in USS pension provision	(113,503)	(9,044)	77,086	(12,954)	(41,740)
Other operating expenses	163,356	151,806	133,907	109,086	136,438
Depreciation	17,483	16,072	14,975	15,492	15,047
Interest and other finance costs	12,432	13,927	9,158	9,038	9,730
<b>Total expenditure</b>	<b>349,562</b>	<b>430,093</b>	<b>463,553</b>	<b>337,414</b>	<b>339,809</b>
<b>Surplus/(Deficit) before other gains</b>	<b>181,160</b>	<b>41,214</b>	<b>(22,180)</b>	<b>57,391</b>	<b>81,098</b>
Gain/(loss) on Investments	36,736	5,037	(11,973)	49,072	(3,681)
Change in fair value of hedging financial instruments	(2,272)	11,883	11,521	6,640	(2,617)
<b>Surplus/(Deficit) before tax</b>	<b>215,624</b>	<b>58,134</b>	<b>(22,632)</b>	<b>113,103</b>	<b>74,800</b>
Taxation	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>215,624</b>	<b>58,134</b>	<b>(22,632)</b>	<b>113,103</b>	<b>74,800</b>
At July 31 year end:					
Endowment comprehensive income/(loss) for the year	26,169	(54)	(11,492)	42,434	43,384
Restricted comprehensive income for the year	21,229	8,613	9,481	1,566	3,000
Unrestricted comprehensive income/(loss) for the year	168,226	49,575	(20,621)	69,103	28,416
<b>Total</b>	<b>215,624</b>	<b>58,134</b>	<b>(22,632)</b>	<b>113,103</b>	<b>74,800</b>
Income and expenditure reserve - restricted endowment reserves	255,472	229,303	229,357	240,849	198,415
Income and expenditure reserve - restricted reserves	51,008	29,779	21,166	11,685	10,119
Income and expenditure reserve - unrestricted	702,366	534,140	484,565	505,186	436,083
<b>Total Reserves</b>	<b>1,008,846</b>	<b>793,222</b>	<b>735,088</b>	<b>757,720</b>	<b>644,617</b>
<b>Held as</b>					
Fixed assets	758,403	721,714	711,595	683,929	641,791
Investments	375,873	342,623	366,310	351,124	296,816
Non-current debtors	154	-	-	-	-
	1,134,430	1,064,337	1,077,905	1,035,053	938,607
Net working capital	192,698	166,211	68,901	(50,600)	(24,072)
Pension provisions	(9)	(110,975)	(116,151)	(38,720)	(51,300)
Other long term liabilities	(318,273)	(326,351)	(295,567)	(188,013)	(218,618)
	1,008,846	793,222	735,088	757,720	644,617
Adjusted cash flow*	84,046	40,664	124,506	68,868	43,267
Debt servicing costs	14,551	14,716	93,471	13,321	12,940
Debt service cover	5.8	2.8	1.3	5.2	3.3
Total borrowing including derivative	275,272	277,657	244,197	265,376	196,673
** Consolidated net assets	1,008,855	904,197	851,239	796,440	695,917
Total borrowing as % of consolidated net assets**	27.3	30.7	28.7	33.3	28.3

\*Adjusted cash flow = net cash inflow from operating activities, plus investment income and endowment cash received

\*\* Consolidated net assets = total net assets excluding pension provision

# Directors of the School and Members of Council

During the year and up to the date of signing of the Financial Statements were:

**Susan Lautaud**

Independent member  
Chair of Council  
Chair of the Governance Committee

**Ali Nikpay**

Independent member  
Vice Chair of Council and Senior Independent Director

**Masood Ahmed**

Independent member

**Pauline Barrieu**

Ex Officio member as Vice Chair of the Academic Board

**Julia Biggane**

Professional Services Staff nominee

**Sonali De Rycker**

Independent member

**Marie Fuchs**

Students' Union nominee (from 17 October 2023)

**Tamar Gendler**

Independent member (from 1 January 2024)

**David Higgins**

Independent member  
Chair of the Finance and Estates Committee

**Johannes Huth**

Independent member  
Chair of the Audit Committee

**Donald Kaberuka**

Independent member (to 15 January 2024)

**Musimbi Kanyoro**

Independent member  
Chair of the Ethics Committee

**David Kershaw**

Academic Board nominee

**Larry Kramer**

Ex Officio member as President and  
Vice Chancellor of the School (from 1 April 2024)

**Tito Molokwu**

Ex officio member as General Secretary of  
the Students' Union (from 1 July 2024)

**Niamh Moloney**

Academic Board nominee

**Eric Neumayer**

Ex Officio member as Interim President and  
Vice Chancellor of the School (to 31 March 2024)

**Gavin Patterson**

Independent member

**James Relf**

Ex Officio member as General Secretary  
of the Students' Union (to 30 June 2024)

**Stuart Roden**

Independent member  
Chair of the Remuneration Committee

**Angela Spatharou**

Independent member

**Wim Van der Stede**

Academic Board nominee

## School Secretary/Company Secretary

**Louise Nadal**

Company Secretary

# Academic Departments, Research Centres, Institutes and Centres

## Academic Departments

Accounting  
Anthropology  
Economics  
Economic History  
European Institute  
Finance  
Gender Studies  
Geography and Environment  
Government  
Health Policy  
International Development  
International History  
International Relations  
Language Centre  
Law School  
Management  
Mathematics  
Media and Communications  
Methodology  
Philosophy, Logic and Scientific Method  
Psychological and Behavioural Science  
School of Public Policy  
Social Policy  
Sociology  
Statistics

## Research Centres

Care Policy and Evaluation Centre (CPEC)  
Centre for Analysis of Social Exclusion (CASE)  
Centre for Economic Performance (CEP)  
Centre for Macroeconomics  
Centre for Philosophy of Natural and Social Sciences (CPNSS)  
Financial Markets Group (FMG)  
Grantham Research Institute on Climate Change and the Environment  
Hellenic Observatory  
International Growth Centre (IGC)  
LSE Cities  
LSE Health  
LSE IDEAS  
Middle East Centre  
Phelan US Centre  
Saw Swee Hock Southeast Asia Centre (SEAC)  
Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD)  
Transition Pathway Initiative Global Climate Transition Centre (TPI Centre)  
What Works Centre for Local Economic Growth

## Institutes

Data Science Institute  
Firoz Lalji Institute for Africa  
International Inequalities Institute (III)  
Marshall Institute for Philanthropy and Social Entrepreneurship (MI)



THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■

**Finance Division**

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

[financecomments@lse.ac.uk](mailto:financecomments@lse.ac.uk)