



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Financial Statements

For the year ending 31 July 2023 ■



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Report of the Chair of the Council



Year in review

This has been a year of positive developments, endings and new beginnings for LSE.

Given the continually changing, economic and political backdrop over the past 12 months, the School has proved its resilience, both academically and financially. Investments in student experience meant LSE achieved a strong set of National Student Survey scores and an improvement in its Teaching Excellence Framework results. Further developments were made to the School's Research Strategy, building upon its recent successful Research Excellence Framework outcomes.

The School continues to select high quality students from a large and competitive pool of applicants. Student count totalled 13,918, compared to 13,451 in the previous year, and reflected a recruitment overshoot of 437. Staff numbers as a full-time equivalent were 3,189. In terms of league table positioning, LSE was ranked as the top university in London, fourth nationally and 45th in the QS world rankings. The School was shortlisted for The Times and Sunday Times 'University of the Year' prize.

A further year of industrial action, including a marking and assessment boycott, presented financial and reputational challenges to the School, with the consequent negative impact upon the experience of students. The School made fee refund and compensation payments to students during the year following receipt of a high number of complaints regarding missed teaching.

Total income grew to £471.3m, an increase of 6.8% from the previous year. LSE achieved an improved unrestricted EBITDA result of £54.9m (2021/22: £45.8m); a key measure of our financial sustainability and we were delighted to see our philanthropic and volunteering Campaign reach £258.2m of its £350m target and almost reach our goal of achieving 100,000 alumni volunteering hours.

Governance

We have appointed outstanding new Council members who bring a wealth of skills and experience relevant to the most pressing issues Council faces. The committees of Council have had a busy year, and their detailed work is much appreciated. I am grateful to all members, particularly to the committee chairs.

I would also like to express Council's gratitude to our former President and Vice Chancellor, Baroness Minouche Shafik, for her exemplary leadership of the School over the last six years. She led notable progress, including her engagement with philanthropy and bringing the LSE community together during the exceptionally challenging COVID-19 pandemic. We wish her the very best in her exciting new role as President of Columbia University.

Now we look ahead to a time of positive change following the appointment of Larry Kramer as the School's 18th President and Vice Chancellor. Council and I are very much looking forward to working with him when he arrives in January. I am indebted to Professor Eric Neumayer, as the Interim President and Vice Chancellor, for his unstinting commitment to LSE and for stewarding the School so effectively during this transitional period. I would also like to express Council's thanks to Deputy President and Vice Chancellor Professor Charles Stafford.

Report of the Chair of the Council

Looking forward

Council will continue to monitor progress and delivery against the LSE 2030 Strategy. Despite the positive year the School has seen, we are aware of multiple challenges still on the horizon. Work is still required to navigate the inflationary economic environment and cost of living pressures on staff and students. We are also following the potential impact of AI and of legislative and regulatory change affecting matters such as free speech.

Fortunately, the School's strong financial base provides it with the means to meet these challenges head on. The timely issue of the £175m private placement last year has given LSE access to debt at a fixed rate, notably lower than current market prices. The School's Financial Plan factors in continued investment into LSE's world class physical and digital estate. Exciting new plans have been approved for the Firoz Lalji Global Hub at 35 Lincoln's Inn Fields, thanks to the transformational commitment of our Campaign Co-Chair, Firoz Lalji, as well as £102.5m to be invested in digital transformation projects over the next five years. Redevelopment of the Bankside halls of residence is being considered for the School to meet its 6,000-bedspace target.

LSE is an exceptional community. I am grateful to all the School's staff, students, alumni, friends and supporters for their contributions to the success of LSE over the last year. It is my privilege and pleasure to lead the Council, and I am indebted to all the members for their wisdom and tireless support over the last 12 months. I look forward to the next chapter with energy and enthusiasm.

Dr Susan Liautaud

Chair of Council

Second: history always matters.

What does this mean? Does it mean that one cannot tweet or write Graffiti about an ongoing conflict without also adding a link to or writing a thesis on the latest definitive history of 500 pages?

Most certainly not.

What it means, however, is that when those doing the tweeting, the blogging, the film making, have a clear and complex sense of the history of the conflict, the pain and the injustices or divides as well as the way forward – this complexity and nuance is reflected in the nuance and complexity of the media they (or we) make.



Do not write on projection screen

Do not write on projection screen

Welcome from the President and Vice Chancellor



A change in leader is always a profound moment for any organisation and the 2022/23 academic year marked the end of an exceptional period in the School's history under the leadership of Baroness Minouche Shafik, who we said goodbye to in June. In late July, we announced that our next President and Vice Chancellor will be Professor Larry Kramer, a distinguished law scholar and currently the President of the Hewlett Foundation in the United States, and so we now look ahead to an exciting new era at LSE in the years ahead. In the meantime, as an LSE alum, long-term faculty member and Professor, I am honoured and delighted to be able to serve our School and its community as interim President and Vice Chancellor.

Despite often difficult circumstances this year, with a challenging national economic landscape and a sector-wide marking and assessment boycott, it has

been wonderful to see our community continue to come together to advance our collective goals. This summer we hosted the annual LSE Festival, a celebration of research and expertise across the School on the theme of 'People and Change': a conversation that is ever more relevant in a world of rapid change and uncertainty. In July, I was delighted to have the opportunity to meet so many of our final year students and their families at our summer celebration ceremonies to mark their time here, and to welcome another global cohort of scholars to our Summer School. LSE really is an institution that brings the world together and changes lives, so it was with great pride that in March 2023 we renamed one of our buildings after Sir Arthur William Lewis, a pioneering development economist and the School's first black academic in the 1930s and 40s and in June we renamed one of our buildings the Cheng Kin Ku building, thanks to the generosity of alumnus and our Campaign Co-Chair, Vincent Cheng.

I am also pleased to report that we have continued to make progress with our long-term strategic ambitions. Emma McCoy, Vice President and Pro Vice Chancellor for Education, joined us in October 2022 and has quickly embedded herself into the LSE community and championed advances across education and student experience. This year has seen a strong focus on digitising the assessment lifecycle and strengthening our support for students, including significant investment in enhancing our pastoral support and wellbeing services and introducing a dedicated bursary for care experienced and estranged students. The work of colleagues across the School has been reflected in a strong set of results from the 2023 National Student Survey, which particularly highlighted our strengths in teaching and academic support, as well as an increase from a Bronze to a Silver award in the Teaching Excellence Framework. This year has also seen considerable developments on research, with Susana Mourato, Vice President and Pro Vice Chancellor for Research, developing a comprehensive strategic plan that brings together our ambitions around research, impact, and influence across the social sciences to build on our successful Research Excellence Framework results in 2022. In November 2022, LSE was named Outstanding Entrepreneurial University at the Times Higher Education Awards, in recognition of the School's work to unlock entrepreneurial ambition in our students, including launching the Marshall Impact Accelerator in early 2023 to nurture high-potential social enterprises thanks to

the extraordinary philanthropic vision of Sir Paul Marshall. All of this has been underpinned by advances in our work to enhance on the physical and digital estate, and a renewed focus on supporting and enabling our people to succeed at LSE.

Of course, like most universities, we still face a number of external and political challenges to our business model which will require ongoing financial prudence to ensure we are in the strongest position to deliver world-leading education and research. We will continue to explore opportunities to diversify our income, including an expansion of our extended education portfolio to deliver lifelong learning opportunities for our global community and a renewed focus on enhancing our research grant income. At the same time, our major philanthropic and volunteering Campaign, Shaping the World, continues to provide significant support for scholarships, research and the School's infrastructure, and we are most grateful to our alumni, friends and partners around the world helping us to achieve our full potential and in doing so, shaping the world for good. We remain committed to working closely with the Government and our colleagues across the sector to secure a sustainable funding model for Higher Education and ensure that the UK remains a desirable study destination for the best and brightest global talent.

As we now turn our attention to the new academic year, I am incredibly proud to lead this remarkable community of students, academic and professional service staff, alumni and friends as we embark on a new phase in LSE's history.

Professor Eric Neumayer

President and Vice Chancellor (Interim)

Strategic Report and Report of the Directors

School Mission and Strategy

Strategic Overview

LSE opened its doors in 1895 and whilst the School and the world around it have changed significantly in that time, our commitment to the original vision of LSE has remained constant: to be 'a community of people and ideas, founded to know the causes of things, for the betterment of society'. Our strategy, LSE 2030, was launched in 2019 and lays out the guiding principles and strategic priorities that will help us shape the world's future and achieve our ambition of being the leading social science institution with the greatest global impact.

Strategic priorities

LSE 2030 is structured around three strategic priorities – Educate for Global Impact; Research for the World; and Develop LSE for Everyone – which are underpinned by our commitment to sustain excellence through an inclusive and diverse community, to deliver work with global impact and reach, and to ensure a sustainable future for our School, the social sciences, and the world.

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.

During 2022/23, despite the significant impact of sector-wide industrial action, we have delivered important enhancements to our education provision and student experience, reflected in a range of strong student satisfaction survey results. We received a Silver award in the most recent Teaching Excellence Framework exercise – up from Bronze in the previous round – and in the 2023 National Student Survey, LSE performed well in key categories that measure excellent education, including an 87% positive response for our academic support and teaching on our courses, which compared well to the sector and our Russell Group peer institutions.

Assessment and feedback have been a key priority for us over the past year and we have delivered or initiated changes whose benefits will be felt in the coming years, including supporting programme-level reviews of assessment across our departments to ensure an appropriate load and balance of assessments overall. This will be further enhanced by a new periodic Programme Review process, a centralised deferral process and a longer-term institutional approach to realising the opportunities of generative AI, whilst also responding to its challenges.

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.

We went into 2022/23 with our outstanding contributions to the social sciences and the wider world recognised in the results of the 2021 Research Excellence Framework, where LSE was ranked as the top university (of multiple submissions) in the UK based on proportion of 'world-leading' research produced. This year saw the development of a new Research for the World strategic plan to build on that, further strengthening our position as the leading global specialist social sciences institution, enhancing the real-world impact of our research, and ensuring that the social sciences are recognised, valued, and funded.

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.

Our people are our greatest strength. During 2022/23, we have continued to work in collaboration with our community to identify and act on opportunities to enhance the experience of our students and staff building on our commitment to deliver an inclusive, healthy and empowered LSE. We have committed to supporting our community during the challenging economic circumstances of the past year through an additional cost-of-living payment to staff during autumn 2022, our 'LSE Extras' benefits platform, and provision of financial wellbeing workshops. As we adjust to a world of blended working, we have also focused on enhancing our support for staff mental health and wellbeing including redeveloping our policies and training for line managers.

Making our vision real

The guiding principles and priorities of our LSE 2030 Strategy, launched in 2019, still hold true. Coming out of the pandemic we agreed in 2021/22 to focus on nine priority areas under our three strategic priority pillars.

During 2022/23, we have made substantial progress on these 9 priority areas that are in turn helping us implement the commitments and objectives of our LSE 2030 Strategy.

School Mission and Strategy

Priority 1 – Educate for Global Impact

• Excellent, research-rich education • Consistently excellent student experience • Student community and inclusion

Priority area in 2022/23	Achievements in 2022/23
1 Student Community, Inclusion and Wellbeing (SCI&W) LSE is a more welcoming, inclusive, accessible, diverse environment and set of communities in which to belong, study, and grow as a student and a person, for every student.	<ul style="list-style-type: none"> • We received a Silver award in the most recent Teaching Excellence Framework exercise – up from Bronze in the previous round. • In the 2023 National Student Survey, LSE performed well in key categories that measure excellent education, including an 87 per cent positive response for our academic support and teaching on our courses. This compared well to the sector and our Russell Group peer institutions. • Continued strong performance and growth in our Access and Participation Plan targets. Our high ranking in sector-wide ‘social mobility indexes’, speak to our work on developing a more inclusive education and student experience. Expenditure on our Access and Participation Plan increased to £6.7 million from £5.5 million in 2021/22. • We have continued to invest significantly in enhancing our student journey from welcome and induction, through a range of in-year activities offered centrally and in departments, to graduation. • We have invested in additional provision and resources for supporting student mental health and wellbeing, including additional counsellors and mental health advisors for 2022/23 and 2023/24, complemented by new pastoral support posts across departments.
2 Digital Education Futures Create a vision and implementation plan for digitally-rich blended and online education in the social sciences at LSE enabling digital innovation and the effective embedding of technology into the design and delivery of curricula across the School	<ul style="list-style-type: none"> • We are delivering an improved course selection and timetabling process and have already realised major gains through our first steps towards digitising the assessment lifecycle. • We introduced capabilities for students to use their own device in exams to produce a digital script as well as providing digital marking and feedback tools for quantitative assessments. These have both led to significant time savings for marking in 2022/23.
3 Extended Education Enhancing extended education provision, contributing not only to the School’s financial sustainability but also the School’s mission “to educate for global impact”.	<ul style="list-style-type: none"> • Our Summer School continues to recover well from the pandemic achieving a 23 per cent increase on enrolments in 2022. 2023 enrolments are approximately 75 per cent of the pre-pandemic peak achieved in 2019. • We have increased our onsite executive education offering to 28 courses through launching new courses in “Digital Marketing Strategy” and “Purpose and Profit”. • We have seen a stabilisation of our Online Certificate Course registrations post-pandemic and are planning a second Career Accelerator for release in 2023/24

Priority 2 – Research for the World

• World-class research in the Social Sciences • Lead and sustain the Social Sciences • Shape the World • Convene the World

Priority area in 2022/23	Achievements in 2022/23
4 Research Support To provide a clear and joined-up framework for faculty to access resources to support their research.	<ul style="list-style-type: none"> • We developed a new Research for the World strategic plan strengthen our position as the leading global specialist social sciences institution. • We have restructured our internal funding schemes to better support research projects and to encourage knowledge exchange and impact activity, such as the Research and Impact Support Fund and the Knowledge Exchange and Impact Fund. • We launched a new Urgency Fund that supports research in the wake of unpredictable and abrupt events such as pandemics, conflicts and natural disasters.
5 Research Dissemination and Impact To continue to amplify the local, regional and global impact of LSE’s research through wide distribution and engagement with policy makers, business leaders and other key stakeholders.	<ul style="list-style-type: none"> • In November 2022, LSE was named Outstanding Entrepreneurial University at the Times Higher Education Awards, in recognition of the School’s work to unlock entrepreneurial ambition in our students and alumni. • During 2022/23, our public lecture programme attracted over 40,000 online and in-person attendees and our award-winning Research for the World magazine received nearly 350,000 views. • We launched the Marshall Impact Accelerator in early 2023 to nurture high-potential social enterprises. • In June 2023, we held our annual LSE Festival, a celebration of research and expertise across the School and its global community on the theme of “People and Change”. • LSE is leading the ASPECT consortium for social science research commercialisation to help our community translate their knowledge, expertise and skills into practical, impactful applications. • Our academics have continued to work closely with politicians and policymakers at national, regional, and local levels to advise on issues such as entrepreneurship, human rights, and artificial intelligence.

Priority 3 – LSE for Everyone

- Engage LSE alumni, friends and partners
- World-class environment
- Financial sustainability (enable and sustain change)

Priority area in 2022/23	Achievements in 2022/23
6 Campaign: Shaping the world a To raise £350 million towards LSE priorities integral to LSE 2030, through a concerted fundraising campaign: Shaping the world, increasing the number of philanthropic supporters at all levels b To increase the number of alumni volunteers to the School, particularly in key regions, reaching a target of 100,000 volunteer hours by 31 July 2025 c To increase internal engagement in and with philanthropy and global engagement across LSE, creating a sustainable cultural change that underpins the School's financial future.	<ul style="list-style-type: none"> • By the end of 2022/23, we had raised £258.2 million – 74 per cent of our goal – across 4,547 donors and 8,770 gifts, helping us to shape transformative learning for our students, support high-impact ideas, and develop our community. • By the end of 2022/23, alumni volunteers had contributed an incredible 99,069 hours in support of the School (99 per cent of our target).
7 Creation of Firoz Lalji Hub at 35 Lincoln's Inn Fields Creating a world-class environment for our ambition to convene the world and to develop a space for extended education.	<ul style="list-style-type: none"> • Design and development of the Firoz Lalji Global Hub continued in 2022/23. It will be the School's first net zero carbon building and will provide a space for us to connect and convene our global community. • We drew down the second tranche of the School's £175 million private placement of £50 million in March 2023 which is to be used for green and social projects including the development of the Firoz Lalji Global Hub. • Our campus was awarded the Irene Barclay Prize at the 2022 Open City Stewardship Awards in recognition of our long-term strategy to develop an outstanding, sustainable university quarter.
8 Residences Masterplan Ensuring we can guarantee an offer of accommodation to all first-year students by delivering 6,000 bedspaces by 2024.	<ul style="list-style-type: none"> • Construction work continues at Glengall Road; a 15-storey hall of residence providing 676-bed spaces which is due to open in 2025. • We are currently reviewing proposals to redevelop Bankside, our undergraduate hall located behind the Tate Modern that will provide 1,850 bedspaces subject to planning permission approval.
9 Investment in Technology Strategy Creating and Protecting a Strong Operational Core. The strategy for technology provides the underlying shared infrastructure, shared data and shared platforms supporting LSE 2030	<ul style="list-style-type: none"> • Developing our strong operational core is a key enabler that helps us achieve all our strategic priorities and we continue to make significant investment in enhancing our technology infrastructure.

Our progress

Key Performance Indicators (as of 31 July 2023).

Priority 1 – Educate for Global Impact

Commitments	Indicators Student satisfaction	Baseline 2018/19	Latest data 2022/23	Target 2024/25	Progress (% towards target)
<ul style="list-style-type: none"> Excellent Research-rich education Consistently excellent student experience Student community and inclusion 	Excellent teaching and curriculum design (Undergraduates)	74%	83%	81%	100%
	Excellent teaching and curriculum design (Postgraduates)	78%	86%	86%	100%
	Overall student satisfaction (Undergraduates)	72%	87%	85%	100%
	Overall student satisfaction (Postgraduates)	79%	84%	85%	100%

Priority 2 - Research for the World

Commitments	Indicators REF Panel C – Social Science	Baseline REF 2014	REF 2021	REF 2021 Target	Progress (% towards target)
<ul style="list-style-type: none"> World-class research in the social sciences Lead and sustain the social sciences Shape the world Convene the world 	Overall ranking (weighted GPA)	1st	2nd	Top 3 in Social Science	100%
	Outputs ranking (weighted GPA)	3rd	1st		100%
	Impact ranking (weighted GPA)	4th	18th		0%
	Environment ranking (weighted GPA)	4th	6th		0%

Priority 3 – Develop LSE for Everyone

Commitments	Indicators	Baseline 2018/19	Latest data	Target 2024/25	Progress (% towards target)
Engage LSE alumni, friends and partners	Number of alumni volunteering hours	n/a	99,069 (July 2023)	100,000	99%
Deliver improvements in EDI	% BME Assistant Prof/ Associate Prof/Prof	26/15/10%	32/21/11% (June 2023)	30/20/12%	Assistant Prof 100% Associate Prof 100% Professor 50%
World-class environment	% of campus rated RICS condition A/B	79%	67% (June 2023)	82%	0%
Financial sustainability (enable and sustain change)	Campaign income raised	n/a	£258.2m (July 2023)	£350m	74%
	uEBITDA as a % of revenue	5.8% (2021/22 budget)	12.3% (2022/23)	15% (2027/28)	71%

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.

Financial Review

Chief Financial Officer's Overview

From a financial perspective 2022/23 has seen us consolidate the recovery from the pandemic that started in 2021/22 and in particular the return of a full summer school programme where we were pleased to welcome over 6,582 students. While this is not back to the pre-pandemic levels, in part due to the absence of students from China and Australia, it was great success for all involved and bodes well for the future. During the year we faced continued disruption from industrial action as well as rising inflation impacting the School, our students and staff. One unexpected but very welcome development has been the significant improvement in the fortunes of the School's main pension scheme – USS – which has moved from a £14.1bn deficit in 2020 to a surplus of £7.4 bn at the March 2023 valuation. This sizeable shift, a direct result of rising interest rates, may allow for the restoration of benefits to a pre-2022 level and allow for contribution rates to fall substantially for both members and the School. Faced with a "cost of living crisis", this can only be welcome and should, we hope, contribute to ending the current dispute. The School has recognised the pressure on both staff and students with a significant increase in student hardship funds, a £1,000 payment to all staff in October 2022 and further initiatives, alongside the annual cost of living pay award, are planned for 2024.

We faced some marginal over-recruitment of UK undergraduates in 2022/23 which has some negative financial implications given the cost of teaching these students is not covered by their £9,250 tuition fee. This fee, which as it is fixed by the Government and has not increased in cash terms since 2017 now has a real value of c. £6,000. Fortunately, our robust and prudent financial planning and budgeting allows us to manage modest shortfalls in revenue without detrimental impact on the overall student experience or our continuing investment in it.

Our decision to undertake a capital borrowing exercise in early 2022 looks, with the benefit of hindsight, to have been very timely given the rate rises since. That exercise, securing £175m through a green bond, will provide funding for the Firoz Lalji Global Hub building that we are developing on our 35 Lincoln's Inn Fields site.

As we did during the pandemic we continue, through prudent financial management to ensure we continue to invest to protect the educational experience we deliver to our students, support our world-class faculty's research, and support all our staff. As a result, demand for our courses remains very strong as this report highlights. Taken together these strengths place the School in a strong position to manage the financial uncertainties we are facing and remain true to our guiding principles and vision.

The purpose of this Financial Review is to explain the key features of the School's 2022/23 financial results and place them in the context of our overall financial planning and the vision for the School set out in LSE 2030.

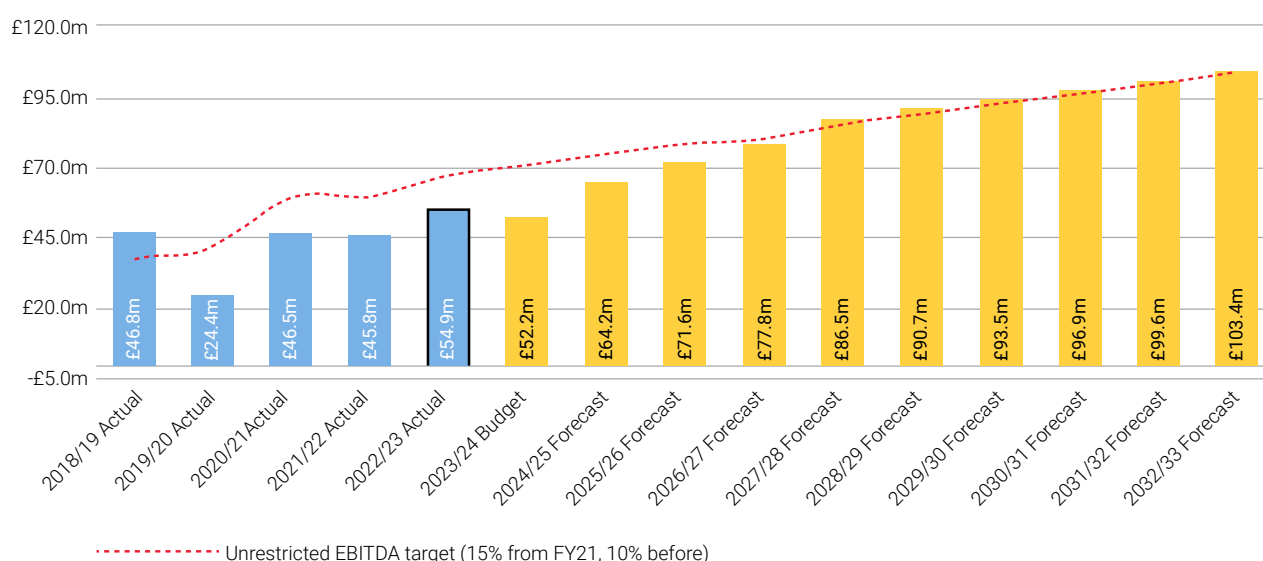
Comprehensive income/(loss) for the year (accounting deficit including gains and losses on investments and the change in the market value of our interest rate swaps) was a surplus of £58.1 million compared to a deficit of £22.6 million in 2021/22. These headline figures include some large items which 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 £9.5 million. This is slightly lower than 2021/22, because of increased interest payable resulting from the £175 million green bond we issued in 2022 and increased depreciation charges, reflecting the growth in capital spending on technology and physical infrastructure. The higher figure in 2021/22 was generated by a combination of substantial additional full-time student recruitment that year and a range of initiatives to freeze and in some cases cut spending during the pandemic which we have since relaxed.

	2022/23	2021/22	2020/21
	£m	£m	£m
Total Comprehensive income/(loss) for the year	58.1	(22.6)	113.1
Adding back exceptional items:			
Pension provision movements	(9.0)	77.1	(13.0)
Change in the market value of investments	(5.0)	12.0	(49.1)
Movement in interest rate SWAPS	(11.9)	(11.5)	(6.6)
Endowments and donations recognised and received	(22.7)	(41.3)	(14.4)
Adjusted Comprehensive income for the year	9.5	13.7	30.0

2022/23 Financial Review

	2022/23		2022/23	2021/22		
	Unrestricted funds	Restricted or designated funds	Total	Total	Change	
	£m	£m	£m	£m	£m	%
Operating income	443.4	2.9	446.3	398.8	47.5	11.9
Capital grant	2.3	-	2.3	1.3	1.0	76.9
Donations and endowments	-	22.7	22.7	41.3	(18.6)	(45.0)
Total income	445.7	25.6	471.3	441.4	29.9	6.8
Operating expenses	(390.8)	(18.3)	(409.1)	(362.2)	(46.9)	12.9
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	54.9	7.3	62.2	79.2	(17.0)	(21.5)
Change in USS past service deficit provision			9.0	(77.1)	86.1	(111.7)
Depreciation			(16.1)	(15.0)	(1.1)	7.3
Interest and other finance costs			(13.9)	(9.2)	(4.7)	51.1
Surplus/(loss)			41.2	(22.1)	63.3	(286.4)
Gains/(loss) on investment			5.0	(12.0)	17.0	(141.7)
Change in the fair value of hedging financial instruments			11.9	11.5	0.4	3.5
Comprehensive income/ (loss) for the year			58.1	(22.6)	80.7	(357.1)
BALANCE SHEET						
Fixed and intangible assets			721.8	711.7	10.1	1.4
Investments (Endowments & School)			342.6	366.3	(23.7)	(6.5)
Net current assets/(liabilities)			166.2	68.9	97.3	141.2
Creditors over one year			(326.4)	(295.6)	(30.8)	(10.4)
Pension liabilities and provisions			(111.0)	(116.2)	5.2	(4.5)
Net assets			793.2	735.1	58.1	7.9
LIQUIDITY						
Operating cash generated during the year			27.7	117.8	(90.1)	(76.5)
Cash and cash equivalents			58.8	147.2	(88.4)	(60.1)
Investments			510.4	366.3	144.1	39.3
Loans			(275.6)	(230.3)	(45.3)	19.7
Net funds			293.6	283.2	10.4	3.7
STUDENT NUMBERS						
			Nos	Nos		
Undergraduate			5,983	5,698		
Postgraduate – taught			5,515	5,318		
Postgraduate – research			536	550		
Total Full-time student numbers			12,034	11,566		
Part-time			510	534		
Others (visiting, executive)			1,374	1,351		
Total Full-time, Part-time and other student numbers			13,918	13,451		
London Summer Schools			6,582	5,358		
University of London International Programme – LSE programmes			10,093	11,100		
On-line			10,474	9,013		
Total student numbers			41,067	38,922		

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 2023 Financial Plan covers financial years 2023/24 to 2032/33 and was developed during April and May 2023 and, following an extensive review by the Financial Management Board and the Finance and Estates Committee, was approved by Council in June 2023.

The 2023 Financial Plan was the first to reflect the School's research strategy including £8 million of additional funding over the next five years to support the development of the School's research environment and support for research. Alongside this, the Plan maintained our levels of investment in education, technology and people, the other core elements of the School's 2030 Strategy.

The current high inflation environment and all the costs of living problems it brings presents several challenges for financial planning. Our single largest source of revenue, full time tuition fees can only be increased with 18 months' notice and so we risk the financial benefits of increases lagging behind cost increases.

The unexpectedly large rise in the inflation rate over summer 2022, which was well ahead of official forecast at the time, prompted us to rethink the level of tuition fees for 2023/24 that had originally been set in June 2022 and we concluded we needed to bring forward some of the increases previously planned for 2024/25. This rapid and out of cycle action puts the School in a strong position to tackle the growing pay and non-pay inflation pressure that we are now facing.

Against this backdrop, an unrestricted EBITDA budget of £52.2m was agreed upon by Council for 2023/24 with a prudent forecast to reach our target for unrestricted EBITDA by 2027/28, which is a year earlier than had been forecast in the 2022 Financial Plan.

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 2023/24 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 2023 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 2023/24 student registration round and level of applicants for the School's courses.

Income

	2022/23 Total	2021/22 Total	Change	
	£m	£m	£m	%
Tuition fees	295.0	265.8	29.2	11.0
Funding Council grants	29.1	29.2	(0.1)	(0.3)
Research grants	40.6	36.9	3.7	10.0
Other income	76.0	64.7	11.3	17.5
Investment income	7.8	3.5	4.3	122.9
Total income before donations and endowments	448.5	400.1	48.4	12.1
Donations and endowments	22.7	41.3	(18.6)	(45.0)
Total income	471.2	441.4	29.8	6.8

Total income before donations and endowments was £448.5 million, a 12.1 per cent increase compared to 2021/22.

Tuition fees increased to £295.0 million due to increases to postgraduate and overseas fees as well as increased recruitment of undergraduate and taught postgraduates. 2022/23 also saw the provision of an increased Summer School offering, more comparable to the levels offered pre-pandemic.

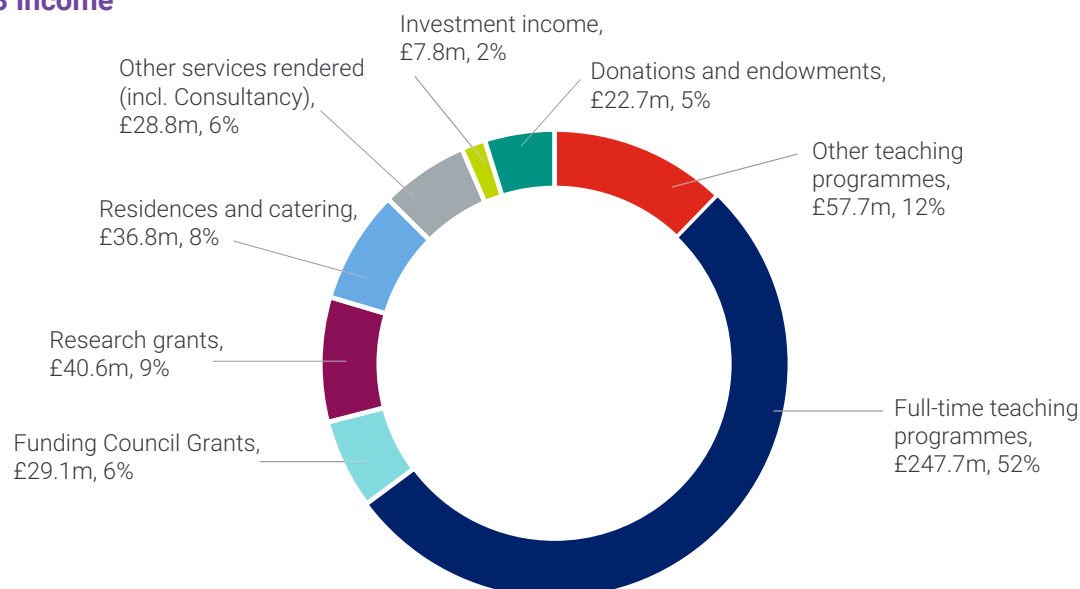
In line with the development of a new School Research Strategy and emphasis on research outputs after a successful REF result, 2022/23 saw a 10.1 per cent growth in research contract grant income from £36.9 million to £40.6 million.

The increase in Other Income is mainly due to the increased levels of occupation and activity in the School's halls of residences and catering outlets, particularly commercial residence bookings outside of term time. Additional activity undertaken by the

International Growth Centre; an institute largely funded by the FCDO but with a growing level of support from some major philanthropic foundations contributed further to this increase.

Whilst Donation and Endowment income received has decreased by £18.6 million, the prior year included the recognition of a £20 million naming gift for the Marshall Building that was opened during 2021/22. Excluding this significant gift from 2021/22 makes the 2022/23 result of £22.7 million more comparable and highlights the continued success of the School's Shaping the World Campaign. Included in the £22.7 million figure is the second £10 million tranche of a £50 million pledged gift to establish the Marshall Impact Accelerator. What these figures do not reflect, are the pledges secured during 2022/23 which were £38.4 million and provides confirmation that the significant investments we have made in fundraising in the last five years, and latterly through our Shaping the World £350 million Campaign, are delivering for the School.

2022/23 Income



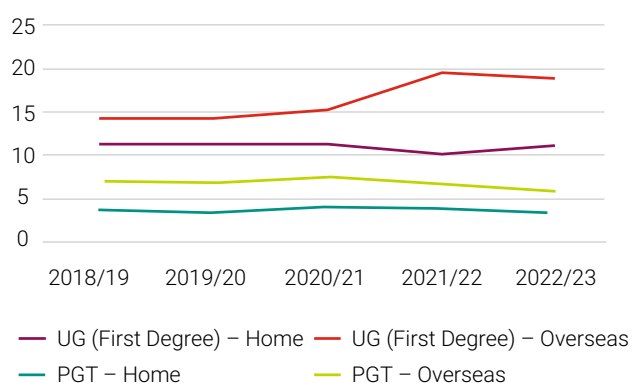
Students, education, and tuition fees

Demand for our full-time courses has continued to remain strong with 15.0 (14.9 in 2021/22) applicants per place for undergraduate study and 5.5 per place (6.3 in 2021/22) for postgraduate taught programmes.

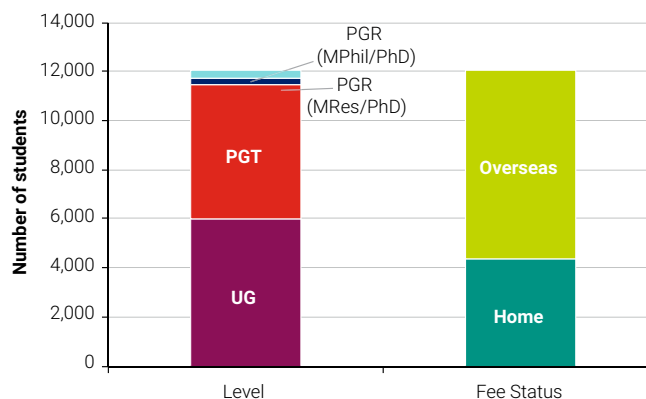
Overall, our registered numbers increased by four per cent to a total of 12,034 in 2022/23, 468 more than in 2021/22 due to a marginal over-recruitment of UK undergraduates.

We are looking to maintain the full-time student population at a similar level over the next few years and where there is growth it will be accompanied by investment to maintain the best educational experience for our students. This has been evidenced by the School's continued strong NSS scores in 2023.

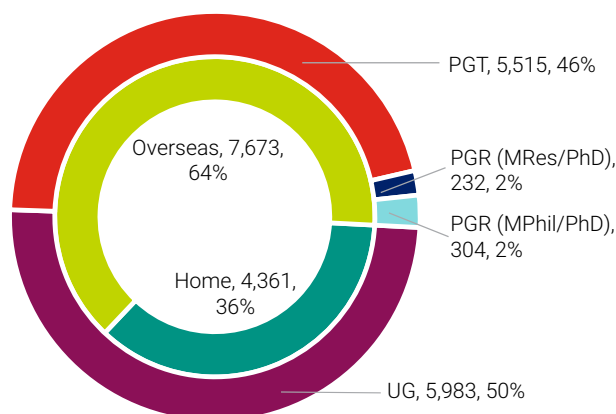
Applications per place



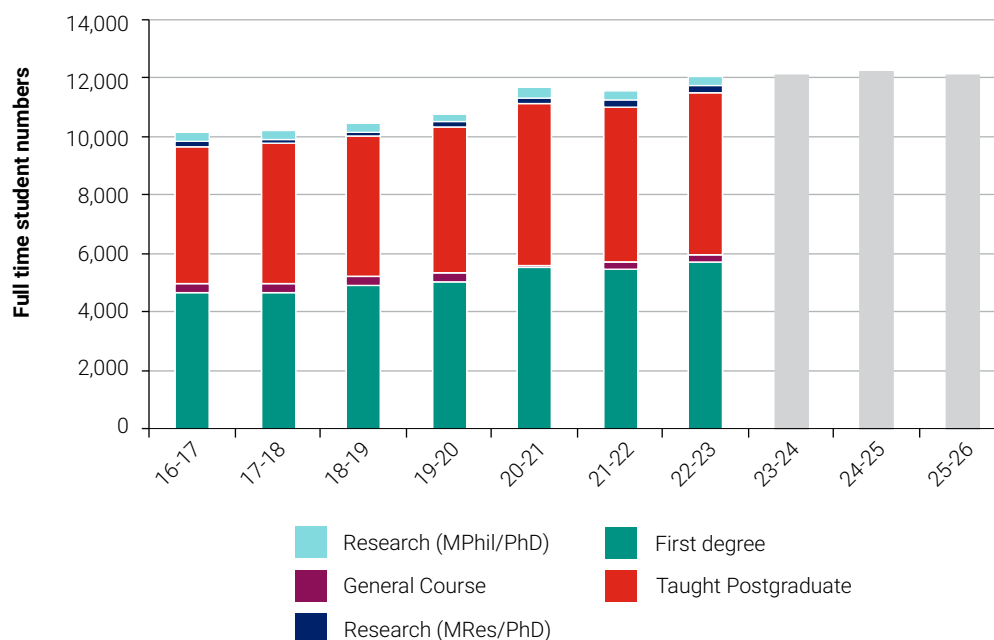
Full-time students in 2022/23



Full time students in 2022/23 by level and fee status



Full-time student recruitment and planned growth



Full-time students by domicile 2022/23

Full time students by domicile* 2022/23	Student numbers	Full time students by domicile* 2022/23	Student numbers
United Kingdom	4,196	Greece	76
China	2,099	Indonesia	75
USA	709	United Arab Emirates	74
India	708	Taiwan	72
Hong Kong	344	Belgium	70
Germany	313	Chile	67
Singapore	299	Poland	64
Malaysia	283	Australia	63
France	262	Turkey	54
Canada	165		
Spain	121	20 countries with between 20 and 50 students each	684
South Korea	116		
Pakistan	101	23 with between 10 and 19 students each	301
Netherlands	93		
Thailand	86	77 with fewer than 10 students each	199
Switzerland	82		
Japan	78	Total	12,034

*HESA category domicile data



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 270 (2021/22: 294), 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 138 (2021/22: 150).

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.

Across all these schemes 58 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 2022/23 the School spent £21.3 million (£21.9 million in 2021/22) from general resources on needs-based bursaries and scholarships for undergraduate and postgraduate students to enable them to study at the School. In 2022/23, in recognition of the significant challenges posed to students by the rising cost of living, the School increased the amount of fund available to current students with financial difficulties due to the increase in the costs of living and distributed £0.5 million to 365 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 Uggla 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. In 2022/23 the total amount for this programme of funding and support was £6.7 million (2021/22 £5.5 million) (note 8).

All incoming PGT students, are invited to apply for financial support and considered for central School fund through the Graduate Support Scheme (awards range from £5,000 to £15,000) and other LSE Scholarships generated by PAGE and long-term endowment funds held by the School. These awards can range between a contribution to their costs and full support packages for fees and maintenance.

Undergraduate International students are supported by the School funded Undergraduate Support Scheme (based on financial need for up to three or four years of study, plus PAGE generated scholarships. These awards can range between a contribution to their costs and 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 for 2020/21 (the most recent data), the UK's official record of employment outcomes across the sector, emphasises our student's success in the employment market. Of those responding in the latest graduate outcomes exercise 93 per cent were in work or further study. Of those who were employed 96.6 per cent had secured "high skill" employment. While 55 per cent of graduates reported working in the UK, some 20 per cent were based in Europe, with 26 per cent working in the rest of the world. In another key barometer of student success, this year's QS World rankings, LSE secured an Employer Outcomes score of 98.6 per cent.

LSE Careers prepares students for their 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 combination of seminars, workshops, employer events, engagement with alumni, one-to-one discussions, access to work-based learning opportunities and a substantial portfolio of online information and resources. A core programme open to all students is complemented by targeted support at academic department and programme level. Autumn 2022 saw a return to largely in-person delivery with many employers back on campus to attend recruiting events and deliver workshops, and we continued to offer access to internationally based employers and alumni through complementary online sessions.

Our constantly evolving events programmes, designed to reflect a changing employment landscape and emerging student interests, ensure that students and recent graduates have the opportunity to learn about and engage with professionals working in a broad range of careers. In 2022-23 these included International Development, Sustainability, Data, Tech, Creative Industries, Social Impact, Public Sector and Policy as well as Finance, Law and Consulting. International students hoping to work in the UK are given specific help and we provide targeted support to students from underrepresented backgrounds through our diversity and inclusion initiatives.

We continue to lead the way with our extensive international programme, running a mix of in person and virtual events for students and alumni looking to work in China, Europe, the United States and Canada, India and Latin America. Our post-pandemic return to Brussels for a fair, alumni panel and series of employer visits proved a huge success, and we were delighted to welcome back on campus in November some fifteen International Organisations including the World Bank, UNDP, Asian Development Bank, all keen to share information about their organisations and discuss their opportunities with the 1,000 LSE students who attended.

Given the importance of work experience in securing employment, LSE Careers' fully funded work-based learning programme targets support towards students with limited work experience and those seeking to build experience in the charity and development sectors where paid opportunities can otherwise be hard to access. Our internal Graduate Internship Scheme continues to offer

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 a number of 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, and 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 a model, our career development cycle, 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 work with and support our alumni for five years after they graduate.



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

Summer School 2023 saw 6,582 enrolments across the three sessions, a 23 per cent increase on 2022 and approximately 75 per cent of the pre-pandemic peak in 2019. This was achieved despite the two previous biggest markets, China and Australia, not fully returning to their previous numbers. The US is currently our largest market, up 14 per cent on 2019 and representing 50 per cent of all enrolments, with Singapore our second largest, fuelled in part by the relationship with the Singapore Institute of Management through our University of London EMFSS program. Our focus for 2024 and beyond will be rebuilding both the Chinese and Australian markets, as well as exploring new partnerships.

It has been a successful year for our onsite Executive Education, where 694 enrolments were achieved across 28 course presentations. This represents a record year for LSE Executive Education (surpassing 549 enrolments over 25 courses in 2018/19). A new course in Digital Marketing Strategy was launched and Purpose and Profit was delivered for the first time, having been initially postponed as part of the pandemic-related cancellations. Three further new course launches are planned for the coming year.

Recruitment to Market Access Academy, Achieving Leadership Excellence, Strategic Decision Making and Climate Change: Economics and Governance courses was particularly healthy, in each case being delivered to two or more large cohorts. The recovery of Finance programmes has lagged behind general performance, however stronger results were achieved in June 2023 and this area will be a continued focus for our Client Relations team going forward.

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, following an uncertain period post-pandemic, enrolling 10,474 learners in 2022/23, up 16 per cent on 2021/22 figures. 2022/23 also saw our first Career Accelerator continue to develop with 218 students enrolling on the course, up from 126 in 2021/22. Development on a planned second Career Accelerator will launch now in 2023/24. Our first MicroBachelor's programme in Mathematics and Statistics has enrolled 454 students since its launch in October 2022.

The International Programme which operates under a collaboration agreement with the University of London International Programme (ULIP) is delivered in partnership with the University of London. It recruited 2,761 new students in 2022/23, giving a total population of 8,713. This programme has been markedly impacted by the situation in Russia. We have historically recruited around 500 students annually in Russia so the absence of this market has had some impact. The Online versions of these degrees have not recruited to target – addressing this is a key priority for the team in the coming months. The revenue from these programmes is reported under Other Income (Note 4).

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. Our recurrent quality-related research funding (QR) and specific research grant funding fall under Research England. The elements of teaching funding that remain following the introduction of higher fees in 2012 are mainly initiatives to mitigate the impact of higher fees on the diversity of, and access for, students to higher education and the higher costs of delivering teaching in central London. Teaching funding comes within the ambit of OfS.

In July 2023 Research England announced its new QR funding settlement for 2022/25 that draws on the outcomes from REF 2021 and targets key government priorities. In total Research and Knowledge Exchange funding for the sector is expected to remain largely unchanged, settling at just over £2bn in 2024/25. Despite LSE's excellent REF 2021 results, LSE saw its mainstream QR

funding drop to £12.5 million in 2022/3 from £14.4 million in 2021/22. This £1.9 million cut makes the School by far the biggest loser within the sector, and the only Russell Group university to see an overall reduction in its Research England funding. This disappointing outcome seems to be largely the result of a formulaic approach to funding allocation rather than Research England choosing to adopt a more strategic one. Nevertheless, the School remains committed to being the best social sciences institution in the world and Professor Susana Mourato, our Pro Director for Research, continues the case for greater protection of funding for the social sciences with Research England and elsewhere.

During the year, the School recognised recurrent quality-related research (QR) and Higher Education Innovation Funding (HEIF) grants for the academic year of £22.1m, Recurrent Research Capital Investment Fund (RCIF) allocations of £1.4m and non-recurrent, supplementary, and additional grant allocations of £2.4m, a total of £26.3m of block grant funding compared to £27.6m in the previous year.

	2022/23	2021/22	Change	
	£m	£m	£m	%
Grants related to teaching (OfS)	0.3	0.5	(0.2)	(26.8)
Recurrent research grant (UKRI) and GCRF	18.0	20.1	(2.1)	(10.4)
Higher Education Innovations Fund (HEIF)	5.4	5.6	(0.2)	(2.0)
Other specific grants	5.4	3.0	2.4	80.8
	29.1	29.2	(0.1)	(0.1)

Research grants and contracts

Research grants and contracts income has increased to £40.6 million; from £36.9 million in 2021/22, a 10 per cent increase, with increased income across all funding sectors, apart from EU funders.

The fall in EU funding, as expected, is due to continued delays in delays with European Parliament agreeing the UK's participation in the Horizon Europe programme. Decreases in funding from the European Commission and the European Research Council is offset by increased income from UKRI, as projects that would have been funded through the EU are routed via the BEIS Research Councils under the mechanism of the UK Government Guarantee fund.

LSE welcomes the recent and exciting news of the United Kingdom's association with Horizon Europe. LSE will be able to participate in Horizon Europe calls for proposals on the same terms as institutions from many other associated countries, including leading consortia and receiving EU funding, from the 2024 Work Programme and onwards.

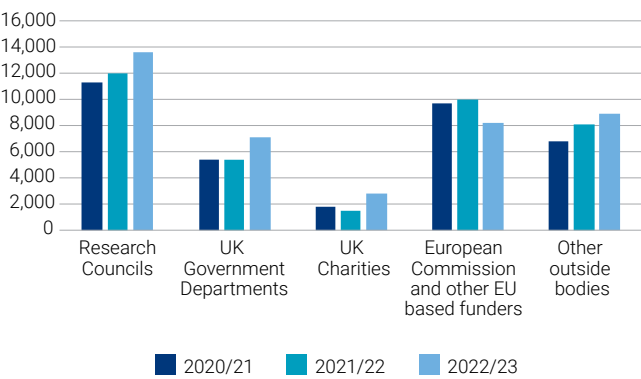
Our new Research for the World Strategy will aim to improve research income and financial contributions by developing a school-wide plan to sustainably increase and diversify research income by supporting world-class research that has academic and non-academic impact. This includes devising a clear funding strategy for research income growth and diversification, alongside transparent reporting tools for better tracking of research expenditure. The parameters for research activities are being defined to enhance the funding model's efficacy and establish solid support structures. Additionally, there is a focus on reviewing the costing and pricing models for research and innovation, as well as the distribution policies for research funds. Efforts are underway to formalise governance for institutional-level income and to streamline the decision-making process for strategic activity.

Furthermore, the school aims to enhance support for funding opportunities by appointing academic champions and refining internal funding schemes to minimise risks and maximise income growth and diversification prospects.

Highlights during the year include:

- Dr Eleanor A. Power of the Department of Methodology was granted a Research Leadership Award by The Leverhulme Trust. The award provides up to £1m to talented scholars to build a team to tackle a distinct research problem. Dr Power's project, titled 'Reputational poverty traps' and the reproduction of social inequality in South Asia and the world, will be a four-year investigation beginning in autumn 2023.

Sources of Research Income (£000's)



- Professor Leigh K. Jenco (Government), Professor William A. Callahan (International Relations) and Dr. Hans Steinmüller (Anthropology), are part of a group of 20 scholars awarded £1.5m over three years from the British Academy. The team will focus on Chinese entanglements with different regions of the world to ask: what do Chinese global orders look like, where are they constituted, and from whose perspective?
- Professor Michael Bruter and Dr Sarah Harrison were awarded the prestigious ESRC Impact Prize for Outstanding International Impact for their work on improving the electoral experience of citizens around the world.

Commercialisation

The School's research commercialisation service has been built up from a single person in 2020 to a small but coherent team, and they support our core mission of the betterment of society in the context of our knowledge exchange and impact strategy, seeking to exploit the full potential of the School's research, extending our impact beyond conventional public policy interventions to engage and leverage private enterprise. The service builds on the successes of our consulting arm. The commercialisation service (LSE Innovation) has been operating alongside Aspect (A SHAPE Platform for Entrepreneurship, Commercialisation and Transformation), funded by a Research England Connecting Capabilities Fund (CCF) grant of £7.4 million from Research England, which has given the School the opportunity, with its institutional and business partners, to develop a global network of excellence in social sciences research commercialisation. It has now introduced a full suite of support services for all stages of the research commercialisation process, partnering with Aspect in offering an accelerator for SHAPE business initiatives. It has supported over 60 projects to date, which have collectively raised over £10m in funding, including the TPI (Transitions Partnership Initiative), which is a partnership between the TPI Global Climate Transition Research Centre ("CENTRE") within LSE Grantham Research Institute (led by Dr. Carmen Nuzzo), and ClIFF, TPI Ltd, the London Stock Exchange and FTSE Russell, in which LSE provides the data and analytics for the FTSE TPI Climate Transition Index, backed by 128 asset managers with around \$50tn under management. This new CENTRE has attracted sponsorship and philanthropic pledges of more than £6m.

Other examples include:

- Alexandria Media (smart contract based on Blockchain, by Tom Kirchmaier) which has obtained \$3.2m USD development grant support;
- CODES (Collaborative Democracy System, by Michael Bruter) involving research and methods for optimising the electoral experience of voters, which was awarded €150K by ERC;
- The Inclusion Initiative (partnering with businesses to create inclusive leaders and inclusive organisations, focusing initially on the finance sector (Grace Lordan, Department of Psychological and Behavioural Science),
- Culturaltytik (a toolkit for analysing cultural distance) with significant interest from businesses seeking to manage cultural change, including post-merger (Michael Muthukrishna, Department of Psychological and Behavioural Science).

Other income

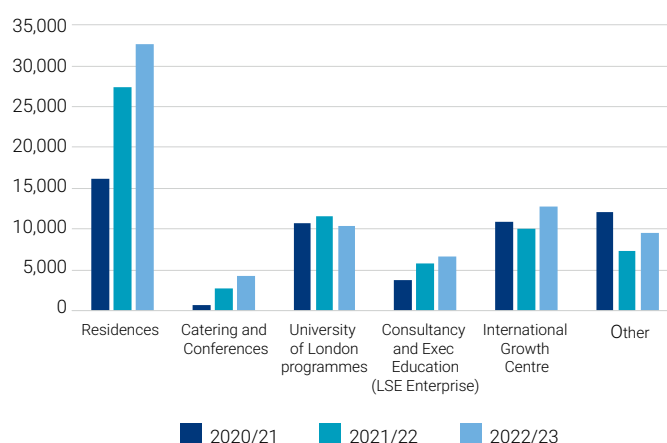
In addition to our core activities, the School generates significant revenues from a range of other activities that are closely related to teaching and research. This income increased substantially in 2022/23 as we saw a recovery from the pandemic, particularly in residences and catering operations which benefited from the return of vacation letting to summer school students and visitors to London. 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 continued to recover post-pandemic with income increasing to £36.8 million in 2022/23 compared to £30.0 million in the prior year.

Other services rendered are predominantly related to the service provided by the International Growth Centre (IGC) which increased to £12.7 million (2021/22: £10.1 million) through additional activity and sub-grants from the UK Foreign, Commonwealth and Development Office.

Consultancy, custom executive education and commercial residence activities delivered through LSE Enterprise Limited. The surpluses generated from these activities are remitted to the School to support its teaching and research operations.

Other Income (£000's)



Investment income

Investment income comprises interest and dividend income from the holdings within the School's investment portfolios. Investment income increased to £7.8 million (2021/22: £3.6 million) due to the investment of the School's private placement receipts totalling £125 million in investment grade corporate bond portfolios. The rise in global interest rates during 2022/23 further increased the yields obtained by the School's working capital funds and corporate bonds.

Total realised and unrealised gains for the year were £5.0 million (2021/22: £12.0 million loss). The School's portfolios benefitted from exposure to UK and Global equities which recovered from their fall in July 2022 due to the Russian invasion of Ukraine and the market concerns around energy prices. The main investment portfolios, which hold endowment funds and the School Fund had annual gains ranging from 1.6 per cent to 5.3 per cent. Given the high level of inflation however, these results fell short of the target return of CPI +4.5 per cent.

The School recognises the importance of effective and responsible investment and investment management, especially as we continue the ambitious programme of seeking philanthropic support for our LSE 2030 vision. 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 also aims to support scholarships and the School's upcoming development of its Research Strategy through its annual investment returns.

	School general and designated funds	Endowment funds	2022-23 Total	2021-22 Total
	£m	£m	£m	£m
Investment income	5.3	2.5	7.8	3.6
Total Realised and Unrealised gain/(loss)	2.6	2.4	5.0	(12.0)
Total return	7.9	4.9	12.8	(8.4)
Non-current investments	104.1	235.7	339.8	363.5
Current asset investments	167.8	-	167.8	-
Cash and cash equivalents*	49.2	-	49.2	135.2
	321.1	235.7	556.8	498.7
Held as:				
Cash and working capital*	49.2	-	49.2	135.2
Capital Projects	167.8	-	167.8	41.9
Gift Matching	-	20.5	20.5	20.9
Growth Portfolio	-	182.7	182.7	179.3
School Fund Portfolio	101.4	-	101.4	87.9
FER	-	32.5	32.5	31.8
Shared equity housing loans & Property	2.7	-	2.7	1.7
31 July 2023	321.1	235.7	556.8	498.7
31 July 2022	266.7	232.0	498.7	

*excluding balances held on behalf of TRIUM

Philanthropic support received in 2022/23

The School received a total of £22.7 million in donations and endowments during 2022/23 (2021/22: £41.3 million), including receipts from pledges secured in previous years.

New commitments (gifts and pledges, including receipts from pledges secured in previous years) totalled £38.4 million.

Significant new philanthropic commitments secured in 2022/23 include:

- £20m from Verdant Foundation in support of capital/facilities and research/faculty
- £1.3m from The Finance Hub, created by the Gordon and Betty Moore Foundation, to advance sustainable finance, to support the Grantham Research Institute's work on nature-related financial risks
- £1.1m via the Luksic Scholars Foundation – supporting MPA and MPP scholarships in the School of Public Policy
- £1m from the AKO Foundation to support scholarships in the Department of Psychological and Behavioural Science
- £0.9m from Newcleo – Early Career Fellows in Energy Economics at the Department of Geography and Environment.

This support is directly having a positive impact on our student community, our research, our facilities and infrastructure. In addition, significant verbal pledges totalling £11m were also secured.

Corporate Engagement

In 2022/23 significant partnership from external organisations, including new partners from previously unexplored sectors for LSE, such as energy, was secured.

This included pledges of £2.9 million in research funding, with £1.6 million for the new Just Transition Finance Lab housed within the Grantham Research Institute for the Environment. A further £900,000 was raised to support research and three Early Careers Fellows in Energy Economics in the Department of Geography and Environment. Corporate partners also invested in the School's commitment to student support, with 13 individual scholarships awarded, and commitments totalling £552,460 for new scholarship funding secured.

Shaping the World, our major philanthropic and engagement Campaign, continues to drive forward philanthropic support for School priorities we set out in LSE 2030. At the end of the fiscal year, with the addition of new commitments, more than £258 million had been raised towards our £350 million Campaign philanthropic income target.

Alumni and supporter engagement

Alumni volunteers are helping to enhance the student experience and support recent graduates: by sharing their expertise individually and through formal committee and group-led activity: as advisors, connectors, experts, storytellers and advocates. In 22/23, these contributions amounted to 25,339 volunteering hours, helping to reach 99,069 (99 per cent) of our 100,000-hour Campaign target. Through this initiative alumni are committing their time, expertise and insight to support our students and recent graduates, which is particularly in demand and needed post-Covid.

Our programmes to support, engage and partner with alumni and advance LSE's mission in person, online and around the world. Our Alumni Centre, in its first full year since reopening after the pandemic, welcomed 4,948 alumni making 8,277 visits, from 117 countries, and 13 per cent of visitors were donors or potential donors. During 2022/23, 358 events took place on campus and around the world, bringing together our global community at LSE.

We also launched our Ask an Alum AI-powered programme, harnessing technology and overcome the physical barrier to mentoring by removing geographic boundaries: 20,000 alumni were engaged in supporting students and recent graduates.

Planning ahead

After an exceptional previous financial year, a main drive of the FY22/23 was to advance new opportunities, which is reflected in the pipeline for the year ahead. School leadership planning during the financial year also included focused on what an extended phase of Campaign might look like and how to increase its impact further to support more of the School's strategic priorities through to 2030, under the new leadership of Larry Kramer from 2024.

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 2022/23.

Expenditure

Total expenditure, excluding the movement in the USS pension provision, increased by £52.7 million to a total of £439.1 million in 2022/23 compared to 2021/22; a rise of 13.6 per cent.

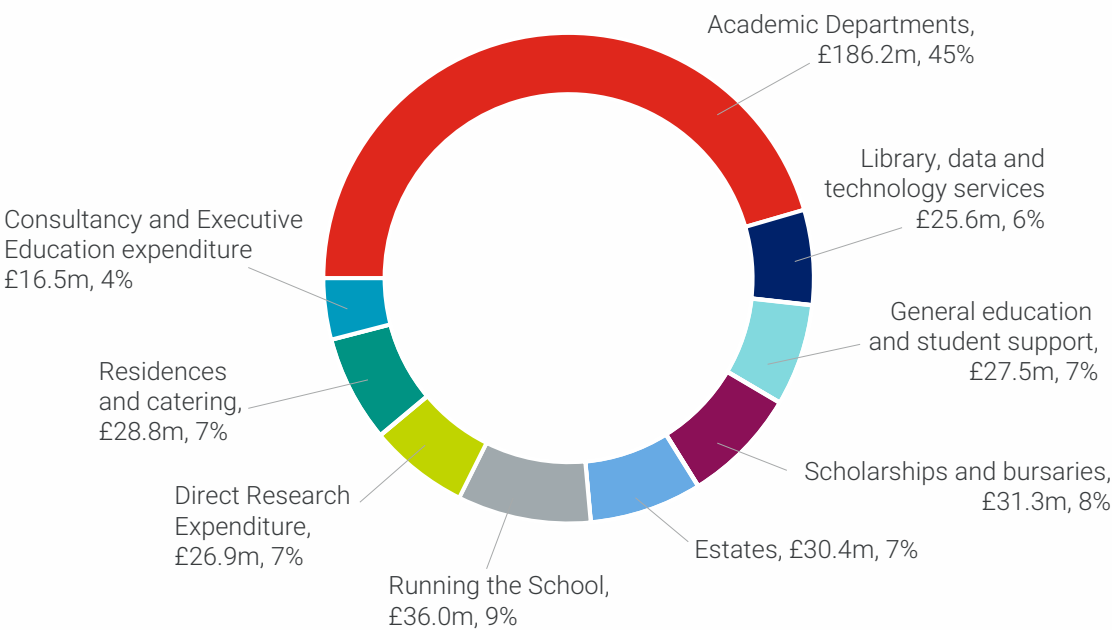
The bulk of the increase in total expenditure, £28.9 million, is due to the rise in staff costs. The main causes of this were the annual pay award for all staff that averaged between 5 per cent to 7 per cent, the "cost of living" support payment of £1,000 to all staff in October 2022 (totalling £3.8 million) and a net increase in overall staff numbers.

Non-pay operating costs also increased by a significant amount - £17.9 million year on year. The elements that contributed to the non-pay cost rise are:

- Increased expenditure on staff and student travel which had been significantly curtailed over the pandemic period
- A full year of the rises in the utility costs due the impact of Russian invasion of Ukraine
- 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.

Given the current inflationary environment, we are conscious of the impact this may have on our cost base. Nevertheless, as was demonstrated this year, the School is committed to supporting all of its staff by continuing to offer competitive salaries to recruit and retain faculty.

2022/23 use of funds generated from income (excluding changes in pension provision, depreciation and interest)



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.

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 delivers the best possible value from its expenditure for our stakeholders.

LSE's dedication to responsible and sustainable practices is reflected in our Supplier Code of Practice, which communicates our expectations to our supply chain. This code encompasses various policies, such as our Sustainability Policy, Energy Policy, Modern Slavery Statement, Responsible Procurement Policy and Environmental, Social, and Governance investment Policy. It also provides guidance on where to access additional information to support LSE in fulfilling these commitments.

Due to the School's sources of funding, we are not constrained by the Public Contracts Regulations to secure value for money, the School is guided by the same principles such as competitive tendering, regular benchmarking, use of collaborative frameworks and close working with the London Universities Purchasing Consortium (LUPC).

LSE is affiliated with Electronics Watch, a network that includes 1,533 public sector organisations across 12 countries. LSE Procurement plays a vital role on the board of trustees at Electronics Watch, facilitating collaboration between public sector organisations like LSE and civil society to monitor the rights of workers in the electronics supply chains. (<https://electronicswatch.org/en/>). The School works with Net Positive Futures (<https://netpositivefutures.co.uk/>) which provides a single platform for 60+ Universities in the UK for suppliers to map their progress to Net Zero.

The total expenditure that was influenced by procurement processes and policy in 2022/23 was £135.5 million (2021/22 £119.0 million) and we awarded 351 contracts compared to 286 in the previous financial year. We estimate this work delivered savings of over £3.3 million compared to £3.8 million in the previous year (annualised savings based on comparison with average tendered or incumbent supplier's price).

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 2023 the amount due to trade creditors was equivalent to 15.4 days of purchases compared to 29.1 days at the end of 2021/22.

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 2020 which showed a shortfall in the funding position of the whole scheme amounting to £217 million (94 per cent funded) at the valuation effective date. When concluding the valuation date, the Trustee and the Employers agreed to allow for post-valuation experience up to 30 April 2021. This resulted in the scheme holding assets valued at more than the fund required to pay out the pension benefits promised at that date, with a surplus of £357 million at that date. As SAUL was in surplus on a Technical Provisions basis at that date, no deficit contributions were required.

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 2022 showed an increased surplus of £616 million (116 per cent funded) at that date.

The ongoing Employers' contributions were increased from 19 per cent to 21 per cent from 1 January 2023 in the financial year. There was no associated increase in employee contributions for members – they remain at 6 per cent of pay.

Employees commencing employment and joining 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% of pay.

The next full actuarial valuation is currently being carried out with an effective date of 31 March 2023.

USS scheme

The latest full actuarial valuation for the USS pension scheme was carried out with an effective date of 31 March 2020 which revealed a shortfall in the assets against the Scheme's technical provisions. The 2020 valuation was filed in October 2021 with a shortfall in the scheme valued at £14.1 billion. In March 2022, a schedule of contributions and a deficit recovery plan were signed agreeing to future contribution rates as follows-

Employer contribution rates:

For the period to 31 March 2022: 21.4 per cent of salary
From 1 April 2022 to 31 March 2024: 21.6 per cent of salary
From 1 April 2024 onwards: 21.4 per cent of salary

Employer's deficit contribution rates:

From 1 April 2022 to 31 March 2024: 6.2 per cent of salary
From 1 April 2024 to 30 April 2038: 6.3 per cent of salary

The contribution rate changes were accompanied by several benefit changes and the introduction of a suite of debt monitoring metrics designed to assure the scheme's Trustee and member institutions that the financial covenants provided by member institutions were not being unduly downgraded by additional borrowing or reduced operating performance.

Accounting standards require that a provision for the discounted value of future contributions to cover this deficit is included in the balance sheet (note 20). Based on the schedule of contributions implemented by the Trustee and applying at 31 July 2023, the provision for LSE is £111.0 million, compared with £116.1 million last year. The decrease in the provision of £5.1 million is accounted for as a credit against the total comprehensive expenditure for the year.

It should be noted that the provision in the accounts is not the same as the School's share of the scheme's total deficit which, as it is not separately identifiable, does not require recognition nor does it represent the cost of exiting the scheme – a so-called "Section 75" charge. This figure is significantly higher.

In between full valuations, the Trustee checks the funding position of the scheme on a monitoring basis, which does not involve the same detailed review of all the underlying assumptions that happens in a full valuation. The interim actuarial assessment for the Scheme as at 31 March 2022 showed a reduction in the deficit at that date to £2.1bn.

The next tri-annual USS valuation as at 31 March 2023 is currently underway. Given the significant rise in interest rates and market conditions which impacts how the scheme measures its liabilities, increased contributions from members and investment returns, this

has resulted in the estimated valuation of the scheme to move from a £14.1 billion deficit at March 2020 to a £7.4 billion surplus at March 2023. The Trustees of the Scheme have proposed a reduction in overall contribution rates paid by employees and employers which will be finalised alongside the March 2023 valuation.

The School welcomes the proposals from the USS Trustees which include the potential to return future benefit accruals from 1 April 2024 to the pre-2022 basis and significant reductions in the contribution rates for both members and the School.

The School remains fully committed to providing all its staff with attractive and affordable pension benefits and is committed to working with all stakeholders to explore alternative scheme designs to provide better benefits for the same or lower contribution rates and ensure that there are flexible lower cost options available.

Balance sheet

We note that at 31 July 2023, School's net assets increased by £58.1 million (7.9 per cent) to a net value of £793.2 million compared with 31 July 2022. This is in part due to the underlying operating surplus achieved in 2022/23, donation and endowment income of £22.7 million (£10 million which relates to the Marshall Impact Acceleratory) and a fair value appreciation of the School's interest rate SWAPS of £11.8 million.

The Group is reporting a net current asset position of £166.2 million at July 2023 compared to £68.9 million at July 2022. This is primarily due to the drawdown (and subsequent investment) of the

second tranche of the School's £175 million private placement of £50 million in March 2023. This debt is repayable between March 2058 and March 2063.

A year-on-year comparison of balance sheets highlights several substantial changes over 2022/23: the investment of the School's private placement receipts totalling £125 million into investment grade corporate bond portfolios (disclosed under current asset investments) and the drawdown of the second tranche of the School's private placement of £50 million in March 2023 as mentioned previously.

	2023	2022	Change	
	£m	£m	£m	%
Tangible and intangible assets	721.7	711.6	10.1	1.4%
Non-current investments	342.6	366.3	(23.7)	-6.5%
Total non-current assets	1,064.3	1,077.9	(13.6)	-1.3%
Current asset investments	167.8	-	167.8	
Stock	0.4	0.3	0.1	33.3%
Debtors	50.7	54.2	(3.5)	-6.5%
Cash and cash equivalents	58.8	147.2	(88.4)	-60.1%
Total current assets	277.7	201.7	76.0	37.7%
Creditors: falling due within 1 year	(111.5)	(132.8)	21.3	-16.0%
Net current assets	166.2	68.9	97.3	141.2%
Total assets less current liabilities	1,230.5	1,146.8	83.7	7.3%
Creditors: falling due after 1 year	(326.5)	(295.6)	(30.9)	10.4%
Pension provision	(111.0)	(116.2)	5.2	-4.5%
Net assets	793.2	735.1	58.1	7.9%
Expendable endowments	108.7	111.9	(3.2)	-2.9%
Permanent endowments	120.6	117.5	3.1	2.6%
Endowment reserves	229.3	229.4	(0.1)	0.0%
Restricted reserves	29.8	21.2	8.6	40.6%
General reserve	534.1	484.5	49.6	10.2%
Total reserves	793.2	735.1	58.1	7.9%

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.

With this in mind, the School successfully secured a £175 million sustainable private placement to support initiatives at the School, including the development of the Firoz Lalji Global Hub. We are fortunate to have acted promptly to undertake this fundraising exercise in March 2022 and given the recent movements in financial markets, we have secured very attractive rates for the School.

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. During 2022/23 the School revised its governance arrangements and policies surrounding the various cash and investment portfolios it holds to streamline the decision-making process for portfolios with similar purposes.

The School's Working Capital portfolios are held in line with the School's revised 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 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.

Cash and working capital forecasting is an important aspect of our financial planning process. During 2022/23 there was a net cash inflow from operating activities of £27.7 million (compared to an inflow of £117.8 million in 2021/22). The prior year inflow was inflated by a significant cash inflow of £50.9 million related to the School's residence development arrangement at Glengall Road.

Additionally, the School retains access to credit facilities, available until 2025, should the need for additional short-term liquidity arise.

Capital expenditure

During 2022/23, a total of £26.2 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 35 Lincoln's Inn Fields into the Firoz Lalji Global Hub (£6.4 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 within the Cheng Kin Ku building (£8.0 million). In June 2023, the School renamed the New Academic Building as the Cheng Kin Ku building in recognition of Mr Vincent Cheng's significant donation to the School's permanent endowment.
- £4.0 million spent on intangible software solutions including Course Selection and Timetabling as well as the School's HR and Payroll Transformation programme.

The development of a new residence at Glengall Road continues. This 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% 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 also made some 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. Similar to the hall of residence development at Glengall Road, it is likely the Bankside development will be financed through an arrangement with a funding partner who will undertake design, construction, and operation of the hall within a specification and framework set by the School with the School having 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 2030.

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 have been approximately £1.5 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, student loan repayments, and Apprenticeship Levy charges) amounted to £16.5 million and £74.3 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 our tax expenses. Each year we review our tax strategy and publish it on our 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, and a termly report is made to Council 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.

Uncertainty at Home and Abroad

With a domestic and international context rife with political 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. The recent industrial action amongst staff in higher education has required extensive mitigations to avoid causing undue impact to the processes for results and degree awards. 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 the School's Summer School programme has improved, 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. The challenge remains to ensure that an effective reward policy is developed to attract new talent and retain existing faculty while ensuring long-term affordability. The new Research Strategy will address risks to research such as increased internal competition and the substantial reduction in QR funding we recently faced, the government's focus on STEM, and the erosion of research time. We are investing in additional support for research and offer generous incentives to faculty who secure externally funded research to mitigate these risks.

Added to these issues, the instability caused by the ongoing war in Ukraine, the rise in inflation and interest rates have all contributed to a prolonged period of uncertainty to individuals as well as institutions. The School will do all it can to put in place measures to support its staff, be that through increases in the availability of hardship funds, or other mechanisms. 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. At an operational level, more stringent budgetary review, and operational planning processes, mean that the School is able to ensure value for money and consistency of applications of resources across all its professional services, and 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 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 is committed to embedding and mainstreaming equity, diversity, and inclusion. This includes proposing and implementing various initiatives to foster equitable treatment for all. The work of Equity, Diversity, and Inclusion (EDI) at LSE goes beyond legal compliance and takes an intersectional approach adding value to the School, making sure policies, procedures and proposal are inclusive and contributing to the wellbeing of all staff and students.

The LSE 2030 strategy provides an opportunity to thread EDI into everything we do, which has now translated to various initiatives and achievements as outlined below: LSE has successfully developed frameworks for conducting a 'deep dive' audit of specific EDI areas. They provide a rigorous and transparent resource, and validation of LSE's progression in EDI. The following charter marks and accreditations have been achieved or are in progress:

- The Race Equity Framework follows many conversations and extensive research that has taken place in recent years at LSE, bringing together meaningful action now with our School's longer-term strategic vision. The Framework is designed to build on work already underway, expand our actions further and keep us focused and accountable. It is organised into three strands aligned to LSE 2030 to maintain momentum.

1 Education – to make sure an LSE education reflects the diverse world around us and empowers students to shape more equitable communities.

2 Research – to make sure our School's research and knowledge engagement activities contribute to understanding race equity within and beyond LSE.

3 Our People – to make sure policies and practices support racial equity and cultural change across our School.

- The LGBTQ+ Inclusion Action Plan covers six key focus areas to support and foster an inclusive environment for the LGBTQ+ Community.

1 Education and Awareness – sourcing and rolling out training for staff and students.

2 Comms and Visibility – internal/external communications, increasing visibility of LGBTQ+ inclusion issues with an intersectional lens, improving transparency.

3 Policies and Practices – reviewing LSE's policies and practices relating to LGBTQ+ inclusion, as well as the internal and external resources in place to support the LSE LGBTQ+ community.

4 Community Engagement – student, staff, and alumni engagement, LGBTQ+ inclusion events, gathering feedback.

5 Safeguarding – creating the infrastructure and culture to protect and safeguard LGBTQ+ students and staff.

6 Impact – measuring impact and ensuring that key performance metrics are being met and an intersectional focus is maintained throughout all the key focus areas.

The 2022/23 academic year has also seen some important progress in Race Equity work. We have:

- Continued to provide funding for support to innovative projects on race through the Research Equity Innovation Fund
- Promoted diverse hiring at the Assistant Professor level, such that 32 per cent of Assistant Professors are now BAME.

- Continued to promote our fair recruitment advisor initiative for senior Professional Service Staff Recruitment and continued to provide interactive Race Equity Workshops delivered by an external provider to all levels of staff.

LGBTQ+ Inclusion has also been a key priority area within the 2022/23 academic year. We have:

- Drafted the new and comprehensive LGBTQ+ Inclusion Action Plan
- Hosted LSE's inaugural Pride Party for over 100 staff and students
- Connected with other London-based Russell Group Universities and launched an LGBTQ+ Benchmarking Forum, whose purpose is to foster collaboration and knowledge-sharing to support benchmarking and promote good practices.

We have continued to invest heavily in ensuring staff and students are able to easily report instances of sexual violence, bullying and harassment, and are fully supported when instances occur. Recruited further 10 Safe Contacts who are trained volunteer staff members that provide a confidential listening and signposting service to the LSE community. Most of the Safe Contacts have received sexual violence training.

- Delivered two specialist training for safe contacts from Mind POC on Race equity and supporting students and staff of colour. Additional spaces were offered to colleagues from the well-being team to join.
- Delivered two specialist training for safe contacts from Galop on Supporting LGBTQ+ students and staff who have been subjected to sexual violence and supporting LGBTQ+ students and staff who have been subjected to domestic violence.
- Received excellent feedback about the quality of the training provided by both MindsPOC and Galop.

Working in collaboration with the Students' Union, we have expanded the Consent Education for all new students. The training is provided by student peer-to-peer facilitators and feedback was unanimously positive. Sessions have now been expanded and offered for departments to book as part of their induction week. Training includes access to a wide range of resources to help people understand consent, learn about sexual harassment, find out how to support people who have experienced sexual violence, learn how to support themselves if they've experienced sexual or domestic abuse, and learn how to be an active bystander in their community. We have partnered with "Not the only one", an organisation led by survivors for survivors who deliver our survivors only workshops- we are running four this year and last year we ran 6 with a mix of LGBTQ+ specific sessions, open to all sessions and BME specific sessions.

- Continued our partnership with Rape Crisis South London. Our partnership with Rape Crisis includes a sexual violence support worker who provides appointments for staff and students, either online or in person.
- Expanded our partnership with Survivors UK who will now be delivering 6 in-person days at LSE for students and staff who identify as male and non-binary who have been subjected to sexual violence. These sessions will be delivered by the ISVA manager at survivors UK.
- Delivered survivors multiple oppression workshops for survivors of sexual violence delivered by "Not the only one" in 2022.
- We have partnered with "Not the only one" to deliver survivor community spaces for 23/24. They will deliver 5 sessions in 2022/23.



Public benefit statement

As an exempt charity, the School 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 School's 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

We believe it is our social responsibility and a core part of our School's mission to support all students with the ability to benefit from higher education to do so, irrespective of their background. LSE has been working for more than two decades to address the under-representation of certain groups in higher education and in 2022, we were proud to be ranked in the top 10 of the English Social Mobility Index.

Our strategic commitments related to access and participation for UK undergraduate students across the whole student journey are articulated in our Access and Participation Plan 2019/20 to 2024/25, as approved by the Office for Students.

Widening Access

During 2022/23, 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 currently underrepresented in higher education. The team delivers a range of events and programmes to help raise attainment, inform students about higher education and support them to make informed choices about their educational future. Collaboration is vital to our widening access approach and in 2022/23, we were delighted to continue our fruitful partnerships with several sector-leading organisations including Advancing Access, Brightside, The Brilliant Club and The Sutton Trust.

During 2022/23, we delivered most of our pre-entry outreach programmes using a hybrid model, due to the ongoing disruption caused by the Covid-19 pandemic. Thanks to the huge efforts of our professional services staff, our faculty and our student ambassadors, mentors and tutors, we engaged with over 800 school and college students throughout the year. Virtual activities have also helped to widen our reach, for example 40% of all participants at our virtual LSE Explore subject events were from outside London and the South East.

Our long-term widening access programmes continue to deliver positive outcomes for participants. We have been working for nearly twenty years with the Sutton Trust to deliver Pathways to the Professions and our programmes for students interested in Law and Banking and Finance continue to be hugely successful. In the 2022-23 cohort, 144 students took part across the two subject streams. 100 per cent of respondents to the end of programme survey said that Pathways had helped them to clarify their ideas about higher education and their future career, and that it had

actively helped them to pursue their chosen career. Based on research and evidence, in 2022/23 we launched two new pilot widening access programmes. One of these was LSE Springboard, a subject-based programme for 50 students from under-represented groups living outside of London and the South East. Initial findings of our programme evaluation demonstrate positive results – for example, 98 per cent of respondents to the programme mid-point survey rated the programme as "good" or "excellent" and said their knowledge and understanding of applying to and studying at LSE had increased compared to the start of the programme.

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. We also work closely with colleagues in student recruitment, marketing and undergraduate admissions to support students through their application and admissions journey, offering support such as a travel fund for Open Days and tailored webinars for targeted groups of students. As of 2022/23, all our undergraduate programmes are participating in our contextual offers schemes for UK undergraduate students, which means applicants meeting specific eligibility criteria may receive an offer which is lower than the standard offer for the programme to which they applied.

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 2022/23, £3.2m of bursary funding was distributed to 895 students, representing 29 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.

Recent increases to the cost of living, combined with the ongoing effects of the pandemic, continue to add financial pressure to our students. During 2022/23 "one-off" cost of living awards were given to all UG (and PGT students) who had been previously awarded funding from the School based on financial need. In addition, the School agreed to increase the amount of existing funds available for current students who were experiencing financial difficulties due to the increased cost of living.

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 from the Arts Council England. It is open to members of the public researching and engaged with the subjects taught at LSE. The LSE Library dedicates its collections, spaces and professional expertise towards the goals of LSE 2030: Educate for Impact; Research for the World; Developing LSE for Everyone.

Public events and school programmes

LSE Library offers a varied programme of free workshops, public talks, exhibitions and online resources for school and public audiences, drawing on the stories and content of its archives and special collections.

The Library hosted two public exhibitions in 2022/23:

- *Culture Contact: Malinowski, LSE and Colonialism*, focused on the work and legacy of anthropologist Bronislaw Malinowski and *Clothing this Naked earth: politics and the planet*, which drew on the recently acquired archives of the Green Party. The exhibitions had over 13,000 visitors.
- A new web resource, *Traces of South Asia*, was published with the aim to promote stories in our archives and special collections that speak about South Asia. This included two new online exhibitions, *Women and South Asia* and *Vithal Bayajee Kadam: a promising student*.
- The Library's public programme included 20 events (in person, online and hybrid) with 1,813 people attending. 650 people attended the event, 'Is there an alternative to "Growth, growth, growth" with contributions from Caroline Lucas MP. The Library partnered with the Lansbury Trust to host the annual Lansbury lecture with a panel discussion on "How do we eradicate poverty?".
- The Library's [YouTube channel](#) provides free access to past events, interviews and conversations enabling audiences to engage with the themes and narratives within our collections. The 112 recordings have over 31,000 views with eight new videos being added in 2022-23. In addition, the Library's 22 education resources on the Times Educational Supplement (TES) website continue to be in demand and have been downloaded over 13,000 times.
- The Library's [programme for schools](#) offers opportunities for archive workshops for pupils from primary school through to sixth form, and workshops to support those undertaking their Extended Project Qualification in Year 12. The school programme was revised and relaunched in 2023 with 122 pupils visiting from 8 schools. From Jan-June 2023, LSE Library partnered with Christ Church Primary, Croydon, for the LSE Festival school project, *Change for People by People*. We worked with an artist and musician to run a series of workshops for 60 Year 5 pupils who used the LSE archives to engage with stories of activism and create their own campaigns for change. This culminated in work being exhibited at the LSE Festival, with 18 of the students assisting at the creative workshop.

Digitising collections

Major new digitised collections have provided researchers, students and the wider public with free, remote access to an expanding collection from LSE Library's archives and special collections. Notable collections added to the LSE's Digital Library in 2022/23 include:

- [Cavendish-Bentinck Pamphlets and Leaflets Collection](#)
- **South African Governmental Publications** – made available following use in a research project on racial disenfranchisement in South Africa from the 1890s and 1900s
- [Greenham Women Everywhere](#)
- [Christian Voices Coming Out](#)
- [Autograph Letter Collection](#)
- [Catholic Suffragist/Citizen](#)
- The first three volumes of the [Lansbury Archives](#)

During 2022/23, following the launch of a "digitisation on demand" service for researchers wishing to consult material remotely, the Library has received 200 requests, 35% from outside the UK, and supplied 5000 pages of digitised material.

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:

- Stephen Whittle (1955-), trans activist and human rights lawyer.
- Reverend Frederick Hankinson (1875-1960), Unitarian minister, suffragist, and prison visitor.
- Frank Wise (1885-1933), economist, civil servant and Labour Party politician.
- Women's Environmental Network (1988-), a charity campaigning on issues that connect gender, health, equality and the environment.

Several oral history recordings have been archived to ensure they remain accessible for future generations, including *Sisters Doing it For Themselves*, an oral history of the women's community and voluntary sector created by the Women's Resource Centre, and interviews with members of the Women's League for Peace and Freedom and the Greenham Women's Peace Camp.

LSE Press

As a means of enabling public engagement with social science research LSE manages its own digital open access publishing platform. LSE Press publishes books, journals and supplementary materials and facilitates innovative and experimental publications. Open access publishing allows us to share research findings with a wide range of audiences across the world, free of charge for the reader. During 2022/23 LSE Press published seven new book titles, launched the LSE Public Policy Review book series, and increased its journals portfolio with the launch of *Philosophy of Physics* and the migration of the *Economia LACEA Journal*.

LSE Press has continued to host book launches as part of the School's public events programme, and in 2023 co-hosted the launch of *How Africa Trades* with the Firoz Lalji Institute for Africa.

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 2022/23:

- Studies by Dr Kitty Stewart and Mary Reader demonstrated how the two-child benefit cap is increasing poverty and hardship and has had no material effect on levels of employment in the UK.
- A report co-authored by Dr Andy Summers calculated that abolishing the UK's non-dom regime would raise more than £3.2 billion in revenue each year.
- Research from LSE's Centre for Economic Performance revealed how leaving the European Union added an average of £210 to household food bills over the two years to the end of 2021.
- Research by Professor Sam Friedman revealed how alumni from Britain's top girls' public schools were 20 times more likely to reach elite positions.
- A study led by Dr Javiera Cartagena Fariás from LSE's Care and Policy Evaluation Centre found older people in England living in poor housing are more likely to experience the early onset of long-term care needs
- The Inclusion Initiative at LSE highlighted how the post-COVID phenomenon of "quiet quitting" is increasingly widespread in the UK, with younger employees being the most likely to be working significantly fewer hours than before the pandemic.
- Professor Sandy Pepper's recent book, *If You're So Ethical, Why Are You So Highly Paid?* outlined the need for an ethical response to excessive executive pay.

LSE proactively supports impactful research through competitive internal funding. The Research and Impact Support Fund awarded 21 grants for projects exploring pressing issues of today, including heat risk, green product innovation, international trade and AI, food insecurity and the UK energy crisis. The Knowledge Exchange and Impact Large bid fund awarded nine grants, including a collaborative project seeking durable peace in Colombia; a project to redesign the A level curriculum's approach to empire, and one on social lighting and urban design in Southeast Asia.

Recognition for LSE research and its impact over 2022/23 year include:

- LSE was awarded the Times Higher Education award 2022 for Outstanding Entrepreneurial University, for LSE Generate.
- The Grantham Research Institute on Climate Change and the Environment have been awarded the Queen's Anniversary Prize for playing, "a leading international role in the economics, investment policy and legislation essential for the implementation of practical measures to address climate change."
- Professor Michael Bruter and Dr Sarah Harrison from the Department of Government were awarded the ESRC Impact Prize 2022 for outstanding international impact for their work on improving the electoral experience of citizens.

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 70,000 in person and online attendees this year; a wide-ranging blog platform with over 2,000 articles published last year and over 10 million views annually; a significant social media following with approximately 2.3 million followers across Facebook, Twitter/X, LinkedIn, YouTube, Instagram, TikTok, and Threads, and a wealth of digital content, including research films and podcasts with around 25 million downloads annually, and an online magazine, *Research for the World* which has had over 313,000 views in the last year.

LSE Events

The academic year 2022/23 saw LSE's events programme continue both online and in-person. Since September 2022 we have hosted over 100 free public events (not including LSE Festival events), 73 of which were hybrid, 16 in-person and 14 online.

Throughout the last year we hosted an array of speakers from across the world, including politicians, business leaders and Nobel laureates. Speakers have included Kyriakos Mitsotakis, Prime Minister of Greece; Dr Ngozi Okonjo-Iweala, Director-General of the World Trade Organization (WTO); Marianna Mazzucato, Professor in the Economics of Innovation and Public Value at University College London; Andrew Bailey, Governor of the Bank of England; Professor Raghuram Rajan, the Katherine Dusak Miller Distinguished Service Professor of Finance at Chicago Booth and former Governor of the Reserve Bank of India; and Sir Tim Berners-Lee, inventor World Wide Web in 1989 and Professor of Computer Science at the University of Oxford.

Our online offering has meant we have been able to attract a global audience, with viewers from over 100 countries tuning in, via LSE's new events platform, LSE Live. In addition to LSE Live, we have increased our global reach by livestreaming events onto the popular LSE YouTube channel. Recordings are subsequently made available on YouTube and the LSE Player, providing our viewers from overseas the opportunity to still tune in and enjoy LSE events if they are not able to attend live.

The LSE Festival 2023

The LSE Festival 2023: People and Change took place in the last week of Summer Term. The week of events considered the impacts of a rapidly changing world on people and communities, but also the power of individuals and groups to shape a better future.

Events were free and open to all and were organised in the following parts: Festival Live were in-person and online events, including conversations, panel discussions, film screenings, a play and a stand-up performance; Festival Shorts, a series of four short, animated films showcasing LSE research linked to the Festival theme; and Festival Skills, a series of taster sessions organised by LSE Online showcasing their offering. High-profile speakers at this year's Festival include the Mayor of London Sadiq Khan; financial journalist, broadcaster and LSE alumnus Martin Lewis; MP for Walthamstow Stella Creasy; former MP and President of the Resolution Foundation Lord Willets; and journalist and BAFTA award-winning filmmaker Adam Curtis.

The Festival had a substantial reach. 8,424 people attending the Festival Live and Skills events, with 3,140 in person and 5,284 online via the online platform, Zoom or on YouTube. Social media content promoting the Festival events and podcasts has had a total of over 1.2 million impressions and 385,000 engagements.

Volunteering

As part of LSE's strong tradition of social awareness and engaging with the wider community, our dedicated Volunteer Centre seeks to inspire and empower our community to volunteer for causes they are passionate about. In 2022-23, 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, including: one-off volunteering opportunities, a consultancy challenge, a Disabled Students' placement scheme, Student-Led Projects and volunteering fairs. 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 amongst our undergraduates. LSE students fulfil a range of roles including mentoring, campaigning, fundraising, marketing, research and many more. Students who volunteer say that 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 2022 to 31 March 2023. 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 12 with a full time equivalent of 10.2.

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%	5
1-50%	7
51- 99%	-
100%	-

The total cost of facility time was £0.01million of a total pay bill of £257.3 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 2022/23 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, health, safety and wellbeing, equity, diversity and inclusion, free speech, entrepreneurship 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 options 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;
- 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;
- the reappointment of the Chair of Council for a further term of office;
- the appointment of an Interim President and Vice Chancellor and the appointment of a new President and Vice Chancellor.

Directors

The directors of the Company are listed at page 84.

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 84, 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 21 November 2023.

Eric Neumayer

President and Vice Chancellor (Interim)



Corporate Governance and Internal Control Statement

This Corporate Governance and Internal Control Statement covers the 2022-23 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 2022/23 a detailed review of the School's compliance with the CUC Higher Education Code of Governance was undertaken, which confirmed that the School remained compliant. During 2023/24 a review of the School's academic governance arrangements will be undertaken by independent consultants.

The Chair of Council, Dr Susan Liautaud, was reappointed for a further three-year term from 1 August 2023 – 31 July 2026. Dr Liautaud had served as an Independent member of Council since 1 August 2015 (also serving as Interim Chair from 7 January 2019 and as Chair from 1 August 2020), and, therefore, will have served a total of eleven years as an Independent member when her term concludes in 2026. The CUC Higher Education Code of Governance provides that the terms of office for governing body members should not be more than nine years (either two terms of four years or three terms of three years) unless there is exceptional justification. Council agreed that there was exceptional justification for Dr Liautaud to be reappointed on the basis that, due to Baroness Shafik stepping down as President and Vice Chancellor, a change in the two most senior officers of the institution in quick succession would risk creating significant uncertainty and instability. The risks were heightened by the current turbulence in the higher education sector and the difficult economic climate. Moreover, it was recognised that the process to appoint a new President and Vice Chancellor would be rigorous and potentially lengthy.

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 2022 to 31 July 2023 and up to the date of signing these financial statements can be found on page 84.

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 and also for value for money, on which both the Audit Committee and the Internal Auditors provide an annual opinion based on the work they have 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.

An effectiveness review of Finance and Estates Committee was undertaken by KPMG during 2022/23, which found that the Committee together with the Investments Sub-committee was operating effectively.

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.

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 risk management, control and governance and value for money arrangements on behalf of Council. 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 Council including an annual opinion on the adequacy and effectiveness of the School's arrangements for risk management, control and governance, and value for money 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 2023 and 2024. 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 the 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

Recognising the climate and ecological crisis the world is facing, in 2019 LSE convened a Sustainability Advisory Group, under the leadership of Lord Nicholas Stern, to develop in close partnership with our diverse community, a plan for action for the School.

Our [Sustainability Strategic Plan](#) launched October 2020 and focuses on six key themes to maximise our impact in shaping a sustainable world: Education, Research, Engagement and Leadership, Investment, Collaboration, Our School.



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.
- Our Education for Sustainability initiative launched in June 2021 at an event hosted by our Pro-Director for Education, and 15 academic representatives joined our educator leads network to help raise the profile of this initiative. A Programme Manager: Education for Sustainability was appointed in 2022. LSE extended education modules are being mapped, in collaboration with the Sustainable Futures Society, to gain an overview of the sustainability-related modules taught throughout the School, the intention being to further enhance sustainability through purpose-led education.
- Sustainability is a key theme in LSE100, our flagship interdisciplinary course for all undergraduate students.
- LSE Careers launched its new "Careers in Sustainability" programme mid-November 2022. This included a range of events to connect students with alumni working in this field. This proved an extremely popular initiative and LSE Careers is developing further projects. LSE Careers' Energy and Environment sector page is

being fully updated, and a new [Sustainability employment sector page](#) has been created

- The LSE Sustainable Projects Fund, which awards up to £20,000 yearly to student and staff projects which further sustainability at LSE, awarded funding to nine staff and student led projects, with themes such as reducing food and plastic waste on campus.
- Department of Geography and Environment and Grantham Research Institute on Climate Change (GRI) are developing a new online sustainability certificate course, as part of expanding LSE's online educational offer.
- Student surveys have shown an 81 per cent satisfaction rate for postgraduate students with education for sustainability in the curriculum at LSE, and 82 per cent for undergraduate courses.



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.
- This year, LSE Festival's theme *People and Change* had a heavy sustainability focus. LSEiQ podcast for October (2022) was titled: *How can we survive the next mass extinction?*, featuring LSE researchers Dr Ganga Shreedhar and David Shukman. Two Research Showcase sessions this year were focused on sustainability research.
- To coincide with COP27 in November 2022 and World Earth Day in April 2023, a coordinated communications campaign shone a light on sustainability-focussed research from across the School. Much of this research sits on an [externally facing landing page](#) that was launched in April 2022, to bring together content from across the School relating to environmental sustainability.
- Sustainability continues to be a key theme in research funding. Nine grants have been awarded to sustainability related projects across a range of departments, including GRI, LSE Cities and Economics. Additionally, this year's Research and Income Support Fund awarded 6 grants to projects with a sustainability area of focus – including food insecurity, the energy crisis, heat risk, wildlife coexistence, degrowth and green product innovation.
- Significant levels of sustainability-related research funding were secured in 2022/23 through philanthropy and corporate engagement activity. £5.6 million was secured from new and existing supporters of the Grantham Research Institute for a range of environmental work on Climate Change and the Environment. Other highlights include funds secured for the next three years to support the new Just Transition Finance Lab. The new Lab will realise its vision, harnessing the financial system to deliver climate and nature success through a people-centre approach, fostering innovation in the practicalities of financing a just transition. Additional funding has also been secured across the School to support the endowment for the IG Patel Chair and PhD Studentships in the Department of Geography and the Environment.



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 from the Grantham Research Institute on Climate Change and the Environment (GRI) at LSE.
- The Institute and its chair Lord Nicholas Stern published numerous working papers, position pieces, and policy reports, supported by media engagement, on themes such as Sustainable Finance and Climate Litigation.
- The GRI actively contributed to COP27, including presenting a report on climate finance. Minouche Shafik, who was President and Vice Chancellor of LSE at the time, spoke at the opening ceremony about transitioning to a green economy.
- LSE was part of the 12-month programme "Queen's Platinum Jubilee Challenge" to create a roadmap report for the tertiary education to reach net zero. The report was published in early 2023.
- Lord Nicholas Stern was involved with India's G20 presidency; including the G20 MDB expert group, direct interactions with Jeremy Hunt, the UK Chancellor (which led to Anna Valero of CEP being asked to join the Economic Advisory Council), helped take forward the Coalition of Finance Ministers on Climate Action, and was involved in the Macron Summit of 2023.
- LSE Environment Week, run by the Economics department, included many sustainability-focused talks, which were well attended and ranged from roundtables to public lectures.



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:

- Obtained Council and Committee approval for the School's new ESG policy, which was adopted in November 2022. This was established after extensive consultation with staff and students.
- In line with the new ESG policy, our negative screening filters were updated to limit the School's exposure on the worst polluting fossil fuels performers as rated by the Transition Pathway Initiative's (TPI) Carbon Performance metrics. We continued to analyse the proportion of the investment portfolios which have been rated by the TPI and publish the findings.
- The School completed its annual submission to the Principles of Responsible Investment (PRI). It also joined the Institutional Investors Group on Climate Change to collaborate with other investors on best practice towards Net Zero 2030.
- Approval of an 8.5 per cent allocation of two of the School's investment portfolios towards funds that are aiming to curb or mitigate the long-term effects of global climate change, address the environmental challenges presented by climate change and to improve the efficiency of resource consumption.
- LSE drew down another £50 million of private placement debt that was issued under the School's Sustainable Finance Framework which is to be used for green and social projects.



Collaboration

Working in partnerships within LSE and externally

- LSE is now a Network Partner of the Ellen MacArthur Foundation, the first University in London to partner with the foundation, to accelerate the transition to a circular economy and raise awareness of its benefits.
- LSE is an active member of the Environmental Association for Universities and Colleges (EAUC).
- LSE works with local groups to advance sustainability, such as the London Northbank Business Improvement District, London Higher and participates in a working group led by Westminster City council on sustainability for the Strand Aldwych area. This year, LSE signed up to the Westminster City Council Sustainable City Charter and London Higher Sustainability Pledge.
- LSE's Student Union ran a Green Fortnight, with several events to engage students with sustainability and environmental awareness taking place throughout the week.
- LSE's Student Union has over 8 sustainability themed societies for the LSE community to get involved with. In 22-23, societies led a busy schedule of sustainability events and workshops throughout the year. One of the most exciting initiatives to come out of the SU societies in 22-23 was a pop-up charity shop on campus, selling second hand and vintage clothes to raise money for RAG charity partners and encourage a culture of reuse.
- Student representation continues on all sustainability committees.



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). We are now working on decarbonising our heat and in 2022/23, we completed the electrification of the Cheng Kin Ku Building. Other projects and feasibility studies are underway.

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. This helped LSE achieve an energy usage of 178kWh per m² in 2022/23, a 24 per cent improvement in efficiency against our 2005-06 baseline. In addition, over 99 per cent of the electricity we purchase is from renewable sources (e.g. solar and wind).

Built environment 35LIF new capital development project is targeted to be LSE's first net zero building in construction and operation and built to PassivHaus standards. Sustainability is intrinsic to the brief, favouring adaptive reuse of the existing structure.

Waste and Resources LSE's total waste volume in 2022/23 (excluding construction waste) was 1,115 tonnes, of which 61 per cent was reused or recycled and LSE reached its goal of achieving zero waste to landfill for another year. Waste levels were comparable to the previous academic year (62 per cent in 2021/22). We continue to encourage staff to think 'digital by default' as part of our Digital Smart LSE campaign, and promote waste-reduction and circularity at the School.

Catering Over 1,500 meals have been sold through "Too Good to Go", equating to 1.38 tonnes of carbon saved. The Winnow Food Waste management system is in use by LSE Catering in selected locations with positive reductions in food waste being seen.

Biodiversity LSE was awarded Bronze for the National Union of Student scheme for the conservation of hedgehogs for the second year. 100 new tree saplings were planted at the LSE Sportsground. LSE Bees continue to thrive, with a bumper honey harvest.

Suppliers A "Supplier code of practice" has been created, with sustainability considerations prominently included. The School is working with suppliers to include more targeted sustainability requirements in contracts.

LSE energy usage and associated carbon footprint

	2022/23		2021/22		
	Energy use (kWh)	Associated carbon emissions (kgCO ₂ e)	Energy use (kWh)	Associated carbon emissions (kgCO ₂ e)	Change %
Electricity purchased	18,210,612	17,395	18,488,936	31,654	(1.5)
Gas consumed	19,930,341	3,645,836	23,515,587	4,292,535	(15.2)
Transport					
Personal car use mileage – claimed as expenses	22,542	5,465	7,566	1,867	197.9
Gasoil	20,892	5,359	36,125	9,277	(42.2)
District Heating	-	-	-	-	n/a
Biofuel	-	-	-	-	n/a
Total energy purchased	38,184,387	3,674,055	42,048,214	4,335,333	(9.2)
Renewable electricity produced onsite	101,514	-	130,429	-	(22.2)
Intensity measure per square metre	178.0kWh/m ²	17.1kgCO ₂ e/m ²	194.6kWh/m ²	20.1kgCO ₂ e/m ²	(8.6)

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 2022/23 financial year, the School's endowment reserves reduced from £229.4m to £229.3m. The slight reduction is attributable to the spending supported by the endowment funds totalling £10.1m which has been partially offset by £5.1m of new funds received during the year as well as £4.9m of investment income and realised/unrealised gains generated by the portfolios. The School's portfolios generally benefitted from exposure to UK and Global equities which recovered from their fall in July 2022 following the Russian invasion of Ukraine and the market concerns around energy prices.

Endowment reserves	£ million
At 1 August 2022	229.4
New endowments received in year	5.1
Investment income	2.5
Expenditure for the year	(10.1)
Increase in market value of the investments	2.4
At 31 July 2023	229.3

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 Investment 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.

The Committee 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. The revised ESG policy was approved by Council in November 2022 after extensive consultation with staff and students.

Environmental, Social and Governance (ESG)

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

With the approval of the ESG policy in November 2022, additional screening exclusions from the School's portfolios were undertaken to comply with the revised restrictions. The School continued its commitments to reduce our exposure to companies that derive significant revenues from thermal coal, tar sands, indiscriminate armaments, and tobacco manufacturing. The total exposure to these sectors was 0.5 per cent in 2022/23 (0.3 per cent tobacco, 0.2 per cent thermal coal and no holdings in controversial weapons or tar sands) compared to over 3.5 percent in 2015/16. This is a key theme in the School's ESG policy and is monitored with a programme of active engagement by the fund managers with whom we invest our portfolios. An analysis that deploys the School's internationally recognised Grantham Institute Transition Pathway Initiative's (TPI) is intrinsic in ensuring the School invests responsibly and sustainably in the forthcoming years.

During the year, an 8.5 per cent allocation was approved and initiated for two of the School's investment portfolios towards funds that are aiming to curb or mitigate the long-term effects of global climate change, address the environmental challenges presented by climate change and to improve the efficiency of resource consumption.

The School, as well as all 15 of the portfolios Fund Managers are signatories of the Principles of Responsible Investment (PRI), with 13 of them being rated A or A+, 1 being rated B and 1 being unrated.

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	2.0%	7.4%	24.0%	5.8%	32.5%	-
Gift matching	-1.9%	-1.9%	-5.6%	-0.1%	-0.5%	-
Gift matching and growth combined	1.6%	6.4%	20.6%	5.2%	28.7%	4.5% + CPI
FER	5.3%	8.4%	27.4%	7.3%	42.0%	4.5% + CPI

Whilst the portfolios appreciated in value in the year to 31 July 2023, they generally performed less well compared to their benchmarks due to underexposure in energy. The School's Gift matching portfolio generated a negative unrealised return due to the surge in inflation and the rise in interest rates globally which have impacted bond markets significantly over the year. High inflation has also meant that the portfolios have underperformed their long-term CPI objectives on 1-, 3- and 5-year returns.

During the year, the ISC initiated the School's first investment allocation to private equity holdings which are expected to yield a premium over listed equities and assist the portfolios in meeting their long-term objectives.

The long-term threshold target for portfolios is CPI +4.5% and performance has been reported on this basis.





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 2023 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 2023 which comprise 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 University 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 University 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;
- 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 considered 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. This description forms part of our auditor's report.

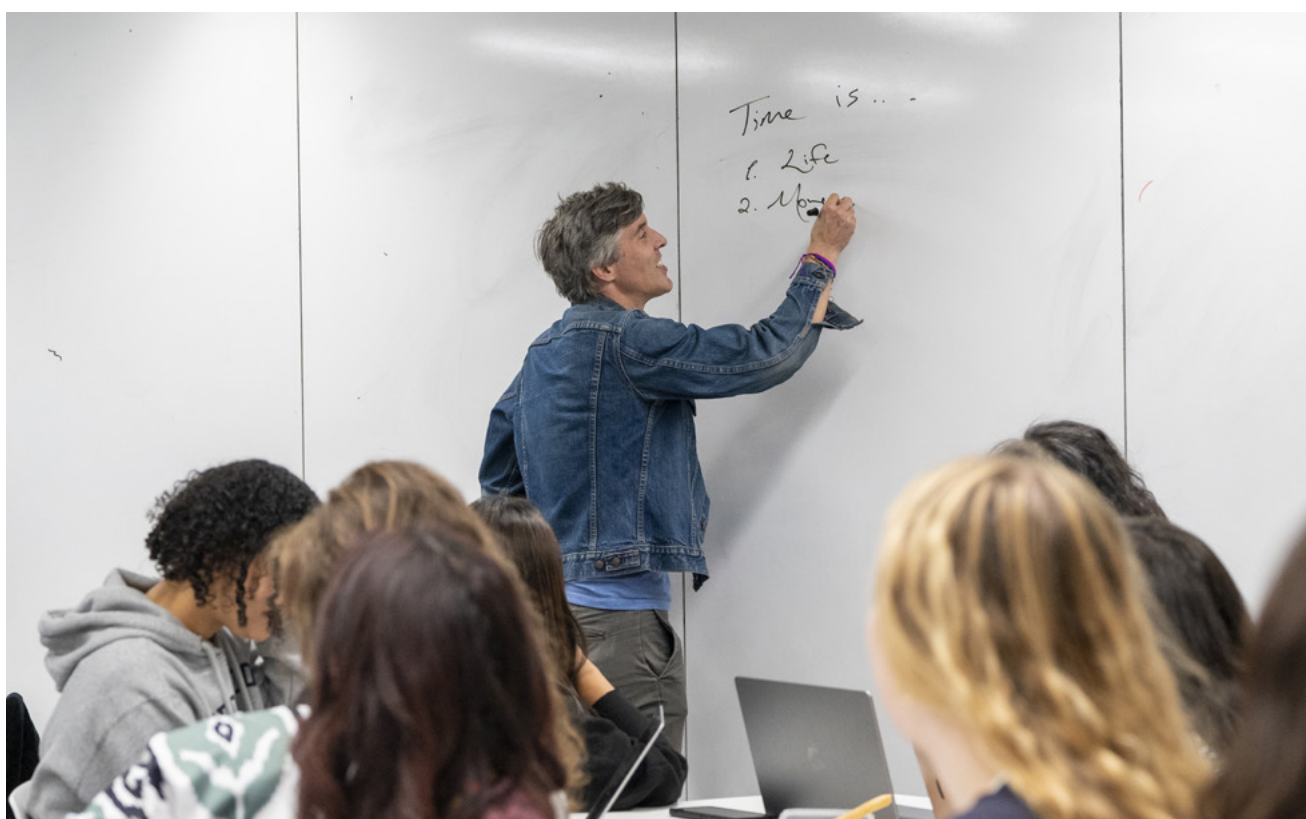
Use of our report

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 Council members 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 82.

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 2023. 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

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. 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.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

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.

Grant funding

Grant funding including Ofs/UKRI grants are recognised as income when the School is entitled to the income and 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.

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.

Total return on investment for endowments

Total return is the whole of the investment return received by the School on its permanent endowments regardless of how it has arisen. The total return, less any part of the return which has previously been applied for the purposes of the School, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the unrestricted reserves as expenditure is incurred in line with the purposes of each endowment.

Capital grants

Capital grants are recognised in income when the School is entitled to the funds, subject to any performance related conditions being met.

Expense recognition

Expenditure incurred relates to the receipt of goods and services which are recognised when 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.

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. Since the School has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised in expenditure.

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.

Although there was a Technical Provisions deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL had a Technical Provisions surplus. Therefore, no deficit contributions were required following the 2020 valuation 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. Any unused benefits are accrued and measured as the additional amount the School expects to pay as a result of the unused entitlement.

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 – seven years
- Computer equipment – three to five years
- Other equipment – five 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.

Borrowing costs

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

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 five 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.

Investment valuation

All investments are initially measured at fair value which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. 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 unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

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 into 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 halls are scheduled to open in September 2024. 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% 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. Restricted endowment reserves include balances which, through endowment to the School, are held as a permanently restricted fund which the School must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the School is restricted in the use of these funds.

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 depends 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.

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.

Service Concession Arrangement- VAT Debtor

There is a balance of £6.6m included under Taxation and Social Security in note 17 for input VAT related to the School's Service Concession Arrangement at Glengall Road that was entered into in December 2021. Based on advice from the School's VAT advisors and its legal advisors, this balance was considered to be recoverable by the School as at 31 July 2023. The balance was subsequently received post year-end in October 2023.



Consolidated Statement of Comprehensive Income and Expenditure

Company Registration no 00070527

Year ended 31 July 2023

	Notes	Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
INCOME					
Tuition fees and education contracts	1	294,994	265,772	294,994	265,772
Funding body grants	2	29,123	29,152	29,123	29,152
Research grants and contracts	3	40,599	36,886	39,635	35,486
Other income	4	76,045	64,687	71,799	61,579
Investment income	5	7,843	3,546	7,797	3,544
Total income before endowments and donations		448,604	400,043	443,348	395,533
Donations and endowments	6	22,703	41,330	22,703	41,330
Total income		471,307	441,373	466,051	436,863
EXPENDITURE					
Staff costs	7	257,332	228,427	255,396	226,548
Movement in USS Pension Provision	7	(9,044)	77,086	(9,044)	77,086
Other operating expenses		151,806	133,907	148,496	130,766
Depreciation	11, 12	16,072	14,975	16,060	14,963
Interest and other finance costs	10	13,927	9,158	13,927	9,158
Total expenditure	9	430,093	463,553	424,835	458,521
Surplus/(Deficit) before other gains		41,214	(22,180)	41,216	(21,658)
Gain/(Loss) on investments		5,037	(11,973)	5,037	(11,973)
Change in fair value of hedging financial instruments	18	11,883	11,521	11,883	11,521
Surplus/(Deficit) before tax		58,134	(22,632)	58,136	(22,110)
Taxation		-	-	-	-
Surplus/(Deficit) for the year		58,134	(22,632)	58,136	(22,110)
Total comprehensive income for the year		58,134	(22,632)	58,136	(22,110)
Represented by:					
Endowment comprehensive income for the year	21	(54)	(11,492)	(54)	(11,492)
Restricted comprehensive income for the year	22	8,613	9,481	8,613	9,481
Unrestricted comprehensive income for the year		49,575	(20,621)	49,577	(20,099)
		58,134	(22,632)	58,136	(22,110)

All items of income and expenditure relate to continuing activities.

Consolidated and School Balance Sheet

At 31 July 2023

	Notes	Group 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
Non-current assets					
Intangible assets	11	5,213	1,635	5,213	1,635
Fixed assets	12	716,501	709,960	716,129	709,576
Non-current investments	13	342,623	366,310	340,008	363,695
		1,064,337	1,077,905	1,061,350	1,074,906
Current assets					
Current asset investments	15	167,811	-	167,811	-
Stock	16	427	318	427	318
Trade and other receivables	17	50,673	54,204	53,287	57,678
Cash and cash equivalents	23	58,825	147,222	54,290	142,162
		277,736	201,744	275,815	200,158
Less Creditors: amounts falling due within one year	18	(111,525)	(132,843)	(106,617)	(128,260)
Net current assets		166,211	68,901	169,198	71,898
Total assets less current liabilities		1,230,548	1,146,806	1,230,548	1,146,804
Creditors: amounts falling due after more than one year	18	(326,351)	(295,567)	(326,351)	(295,567)
Pension provisions	20	(110,975)	(116,151)	(110,975)	(116,151)
Total net assets		793,222	735,088	793,222	735,086
Restricted reserves					
Income and expenditure reserve-endowment reserves	21	229,303	229,357	229,303	229,357
Income and expenditure reserve-restricted reserves	22	29,779	21,166	29,779	21,166
		259,082	250,523	259,082	250,523
Unrestricted reserves					
Income and expenditure reserve-unrestricted		534,140	484,565	534,140	484,563
Total reserves		793,222	735,088	793,222	735,086

The financial statements on pages 55-82 were approved by Council on 21 November 2023 and were signed on their behalf on that date by:

Dr Susan Liautaud
Chair of Council

Professor Eric Neumayer
President and Vice Chancellor (Interim)

Consolidated and School Statement of Changes in Reserves

Group	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2022	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
Total comprehensive income for the year	(54)	8,613	49,575	58,134
Balance at 31 July 2023	229,303	29,779	534,140	793,222
Balance at 1 August 2021	240,849	11,685	505,186	757,720
(Deficit)/Surplus from the income and expenditure statement	(11,492)	9,481	(32,142)	(34,153)
Other comprehensive income	-	-	11,521	11,521
Total comprehensive income for the year	(11,492)	9,481	(20,621)	(22,632)
Balance at 31 July 2022	229,357	21,166	484,565	735,088

School	Income and expenditure account			Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000	
Balance at 1 August 2022	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
Total comprehensive income for the year	(54)	8,613	49,577	58,136
Balance at 31 July 2023	229,303	29,779	534,140	793,222
Balance at 1 August 2021	240,849	11,685	504,662	757,196
(Deficit)/Surplus from the income and expenditure statement	(11,492)	9,481	(31,620)	(33,631)
Other comprehensive income	-	-	11,521	11,521
Total comprehensive income for the year	(11,492)	9,481	(20,099)	(22,110)
Balance at 31 July 2022	229,357	21,166	484,563	735,086

Consolidated Cash Flow Statement

Year ended 31 July 2023

	Notes	Group 2023 £'000	Group 2022 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		58,134	(22,632)
Adjustment for non-cash items			
Depreciation	11, 12	16,072	14,982
Loss/(gain) on investments	13, 15	(3,256)	12,263
(Decrease) in fair value of hedging financial instrument	19	(11,883)	(11,521)
Increase in stock	16	(109)	(50)
(Increase)/decrease in debtors	17	3,531	(7,971)
Increase/(decrease) in creditors	18	(24,359)	54,493
Increase/(decrease) in pension provision	20	(5,176)	77,431
Adjustment for investing or financing activities			
Investment income	5	(7,843)	(3,546)
Interest payable	10	10,059	8,813
Endowment income	6	(5,161)	(3,149)
Loss on the sale of tangible fixed assets		-	9
Capital grant income	2	(2,349)	(1,311)
Net cash inflow from operating activities		27,660	117,811
Cash flows from investing activities			
Capital grants received	2	2,349	1,311
Disposal of non-current asset investments	13	68,178	55,488
Disposal of current asset investments	15	38,374	-
Investment income	5	7,843	3,546
Payments made to acquire fixed assets	12	(21,685)	(41,907)
Payments made to acquire intangible assets	11	(4,141)	(750)
Purchase of non-current asset investments	13	(71,902)	(81,001)
Purchase of current asset investments	15	(166,173)	-
Increase in investment cash	13	(9,345)	(1,936)
		(156,502)	(65,249)
Cash flows from financing activities			
Interest paid	10	(10,059)	(8,813)
Endowment cash received	6	5,161	3,149
New loans	24	50,000	75,000
Repayments of amounts borrowed	24	(4,657)	(84,658)
		40,445	(15,322)
(Decrease)/Increase in cash and cash equivalents in the year		(88,397)	37,240
Cash and cash equivalents at beginning of the year	23	147,222	109,982
Cash and cash equivalents at end of the year	23	58,825	147,222

Notes to the Financial Statements

Year ended 31 July 2023

	Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
1 TUITION FEES AND EDUCATION CONTRACTS				
Tuition fees:				
Home/EU students	65,865	75,959	65,865	75,959
Overseas students	184,265	153,516	184,265	153,516
Other courses	42,099	33,622	42,099	33,622
Examination and other fees	2,765	2,675	2,765	2,675
	294,994	265,772	294,994	265,772

	Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
2 FUNDING BODY GRANTS				
Block recurrent	18,320	20,585	18,320	20,585
Capital grant	2,349	1,311	2,349	1,311
Higher Education Innovations Fund	5,449	5,559	5,449	5,559
Other specific grants	3,005	1,697	3,005	1,697
	29,123	29,152	29,123	29,152

	Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
3 RESEARCH GRANTS AND CONTRACTS				
Research Councils	13,617	11,991	13,616	11,991
UK Government departments	7,073	5,340	6,987	5,166
UK Charities	2,792	1,507	2,438	1,469
European Commission and other EU based funders	8,210	9,962	8,209	9,337
Other outside bodies	8,907	8,086	8,385	7,523
	40,599	36,886	39,635	35,486

	Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
The source of grant and fee income, excluding VAT, included in notes 1, 2 and 3 above is as follows:				
Grant income from the Office for Students	448	552	448	552
Grant income from other bodies	69,273	65,486	68,309	64,086
Fee income for taught awards	253,253	234,244	253,253	234,244
Fee income for research awards	7,396	6,158	7,396	6,158
Fee income from non-qualifying courses	34,345	25,370	34,345	25,370
	364,715	331,810	363,751	330,410

Notes to the Financial Statements continued...

		Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
4 OTHER INCOME					
Residences and catering		36,837	30,028	30,347	27,520
Academic department income attributable to other activities		448	322	448	322
University of London International Programmes (ULIP)		10,424	11,581	10,424	11,581
Consultancy services and executive education (LSE Enterprise Limited)		6,604	5,718	-	-
Other services rendered		16,642	13,252	25,498	18,374
Other revenue grants		720	-	720	-
VAT recovery		971	946	971	946
Staff and student facilities		19	70	19	70
Sundry		3,380	2,770	3,372	2,766
		76,045	64,687	71,799	61,579

		Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
5 INVESTMENT INCOME	Notes				
Investment income on endowments	21	2,519	2,452	2,519	2,452
Other investment income		5,324	1,094	5,278	1,092
		7,843	3,546	7,797	3,544

		Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
6 DONATIONS AND ENDOWMENTS					
New endowments	21	5,161	3,149	5,161	3,149
Donations with restrictions	22	16,417	12,942	16,417	12,942
Donations with performance related conditions		-	20,530	-	20,530
Unrestricted donations		1,125	4,709	1,125	4,709
		22,703	41,330	22,703	41,330

Notes to the Financial Statements continued...

		Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
7 STAFF COSTS					
Wages and salaries		200,936	178,853	199,274	177,237
Social Security costs		22,296	19,721	22,106	19,519
Other pension costs		34,100	29,853	34,016	29,792
		257,332	228,427	255,396	226,548
USS pension provision utilised in year	20	(7,683)	(2,729)	(7,683)	(2,729)
Movement on USS pension provision	20	(1,361)	79,815	(1,361)	79,815
		(9,044)	77,086	(9,044)	77,086
		248,288	305,513	246,352	303,634

The School acts as an agent for its subsidiaries. In the current year, the School made a management charge of £3,952k (2021/22: £2,558k) to LSE Enterprise Limited. This includes staff costs.

The average monthly number of persons employed by the group during the year expressed as full-time equivalent was:	Group 2022/23 Number	Group 2021/22 Number
Research and teaching	1,779	1,723
Operational services	1,410	1,299
	3,189	3,022

Notes to the Financial Statements continued...

7 STAFF COSTS CONTINUED...

	Group 2022/23 £'000	Group 2021/22 £'000
DIRECTORS' REMUNERATION		
Emoluments (2022/23: 8 directors, 2021/22: 6 directors)	1,203	1,126

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 Vice Chancellor and President 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.

	Group 2022/23 £'000	Group 2021/22 £'000
Professor Eric Neumayer – Interim Vice Chancellor (from 15 June 2023)		
Basic salary	35	-
Pension contributions	6	-
	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 is currently operating a dual role as Interim Vice Chancellor and President as well as Pro-Vice Chancellor (Planning and Resources).

The Vice Chancellor's pay ratio, based on basic pay as a ratio of the median basic salary of all staff, was 6.5 (2021/22: N/A). The total remuneration ratio was 7.2 (2021/22: N/A). Basic salary and total remuneration are based on full-time equivalent pay for permanent and contract staff employed during 2022/23.

Notes to the Financial Statements continued...

7 STAFF COSTS CONTINUED...

	Group 2022/23 £'000	Group 2021/22 £'000
Baroness Shafik – Vice Chancellor (to 14 June 2023)		
Basic salary	348	380
Pension contributions	75	81
Other taxable benefits:		
Taxable benefit of accommodation	57	66
Taxable benefit of accommodation expenses	14	12
Tax equalisation payments for accommodation	39	-
	110	78
	533	539

Minouche Shafik was previously Deputy Governor of the Bank of England and has held senior leadership roles at the World Bank, the IMF in Washington DC, and in the Department for International Development within the UK Civil Service.

During her tenure, the Vice Chancellor was required, in accordance with her contract of employment, to live in School provided accommodation for more effective performance of her 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 payment to the Vice Chancellor to cover the additional costs arising from the change in their tax position. The tax equalisation payments are reflected in the financial year they are paid. These payments were made to ensure that the Vice Chancellor's financial position was the same as it was before HMRC made this change.

The Vice Chancellor's pay ratio, based on basic pay as a ratio of the median basic salary of all staff, was 10.3 (2021/22: 10.7). The total remuneration ratio (including accommodation) was 13.3 (2021/22: 12.1). Basic salary and total remuneration are based on full-time equivalent pay for permanent and contract staff employed during 2021/22.

Notes to the Financial Statements continued...

7 STAFF COSTS CONTINUED...

Remuneration of higher paid staff
(including Interim Vice Chancellor)

	2022/23	2021/22		2022/23	2021/22
£100,000 - £104,999	29	31	£200,000 - £204,999	6	2
£105,000 - £109,999	35	20	£205,000 - £209,999	3	3
£110,000 - £114,999	14	27	£210,000 - £214,999	3	2
£115,000 - £119,999	27	33	£215,000 - £219,999	3	3
£120,000 - £124,999	29	16	£220,000 - £224,999	1	1
£125,000 - £129,999	18	21	£225,000 - £229,999	2	3
£130,000 - £134,999	14	9	£230,000 - £234,999	1	1
£135,000 - £139,999	16	12	£235,000 - £239,999	6	1
£140,000 - £144,999	6	5	£240,000 - £244,999	1	-
£145,000 - £149,999	6	10	£245,000 - £249,999	1	-
£150,000 - £154,999	7	9	£250,000 - £254,999	-	2
£155,000 - £159,999	12	6	£255,000 - £259,999	-	1
£160,000 - £164,999	6	9	£265,000 - £269,999	2	-
£165,000 - £169,999	4	10	£270,000 - £274,999	1	-
£170,000 - £174,999	9	5	£280,000 - £284,999	-	1
£175,000 - £179,999	8	4	£285,000 - £289,999	-	1
£180,000 - £184,999	4	4	£300,000 - £304,999	2	-
£185,000 - £189,999	4	7	£380,000 - £384,999	-	1
£190,000 - £194,999	7	4		293	268
£195,000 - £199,999	6	4			

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 (2022/23: 8, 2021/22: 7) are:

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

	Group 2022/23 £'000	Group 2021/22 £'000
Key management personnel compensation	1,405	1,228

Payment of compensation for loss of office totalling £1,093k was made to 54 staff in 202/23 (2021/22: 56 staff, £406k)

Notes to the Financial Statements continued...

	Group 2022/23 £'000	Group 2022/21 £'000
8 ACCESS AND PARTICIPATION		
Access Investment	1,299	985
Financial Support	4,480	3,995
Disability Support (excluding expenditure included in the two categories above)	614	325
Research and Evaluation	346	239
	6,739	5,544

The Access and Participation costs include £1,724k (2021/22: £1,061k) 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>

	Group 2022/23 Staff costs £'000	Group 2022/23 Non pay costs £'000	Group 2022/23 Total £'000	Group 2021/2 Total £'000	School 2022/23 Total £'000	School 2021/22 Total £'000
9 ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY						
Academic departments and other academic activities	157,325	28,894	186,219	163,909	185,214	163,508
Library and data and technology services	12,480	13,117	25,597	22,539	25,597	22,539
Research grants and contracts	19,017	7,875	26,892	24,920	26,892	23,709
Scholarships	58	31,217	31,275	25,817	31,276	25,817
General education expenditure	9,728	2,211	11,939	11,245	11,939	11,244
Estates	12,087	18,280	30,367	31,057	30,367	31,057
Administration and central services	17,106	8,339	25,445	22,747	25,445	22,742
Staff and student facilities	9,837	5,716	15,553	15,619	15,553	15,619
Residences and catering	8,054	20,747	28,801	25,364	28,720	25,364
Consultancy services, executive education and other services rendered	5,292	11,191	16,483	13,451	12,375	10,091
USS pension provisions utilised in year	(7,683)	-	(7,683)	(2,729)	(7,683)	(2,729)
	243,301	147,587	390,888	353,939	385,695	348,961
Movement on USS provision	(1,361)	-	(1,361)	79,815	(1,361)	79,815
Miscellaneous	6,348	4,219	10,567	5,666	10,514	5,624
Depreciation						
• Estates and IT	-	14,825	14,825	13,884	14,813	13,872
• Residences and catering	-	1,247	1,247	1,091	1,247	1,091
Interest and other finance costs	-	13,927	13,927	9,158	13,927	9,158
	248,288	181,805	430,093	463,553	424,835	458,521

Other operating expenses include:

Fees payable to the School's auditors for the audit of the financial statements	142	110	142	110
Fees payable to the School's auditors for other services:				
• Audit of the financial statements of the School's subsidiaries	13	10	-	-
• Other services relating to taxation	4	5	-	-
• All other services	41	7	41	7
	200	132	183	117

Operating lease rentals

Land and buildings	4,378	5,065	4,378	5,065
Other	795	873	795	873
	5,173	5,938	5,173	5,938

Notes to the Financial Statements continued...

10 INTEREST AND OTHER FINANCE COSTS	Note	Group 2022/23 £'000	Group 2021/22 £'000	School 2022/23 £'000	School 2021/22 £'000
Loan interest		10,059	8,813	10,059	8,813
Net charge on pension scheme	20	3,868	345	3,868	345
		13,927	9,158	13,927	9,158
11 INTANGIBLE ASSETS				Group £'000	School £'000
Software					
As at 1 August 2022				1,635	1,635
Additions in the year				4,017	4,017
Amortisation charge for year				(439)	(439)
As at 31 July 2023				5,213	5,213
12 TANGIBLE FIXED ASSETS		Land and Buildings £'000	Equipment £'000	Assets Under Construction £'000	Total £'000
GROUP Cost					
As at 1 August 2022		843,172	21,112	5,476	869,760
Additions in year		2,039	58	20,077	22,174
Transfer		489	1,541	(2,030)	-
Disposals in year		-	(3,061)	-	(3,061)
As at 31 July 2023		845,700	19,650	23,523	888,873
Accumulated depreciation					
As at 1 August 2022		141,744	18,056	-	159,800
Charge for year		14,295	1,338	-	15,633
Disposals in year		-	(3,061)	-	(3,061)
As at 31 July 2023		156,039	16,333	-	172,372
Net book value					
As at 1 August 2022		701,428	3,056	5,476	709,960
As at 31 July 2023		689,661	3,317	23,523	716,501
SCHOOL Cost					
As at 1 August 2022		842,506	21,132	5,476	869,114
Additions in year		2,039	58	20,077	22,174
Transfer		489	1,541	(2,030)	-
Disposals in year		-	(3,061)	-	(3,061)
As at 31 July 2023		845,034	19,670	23,523	888,227
Accumulated depreciation					
As at 1 August 2022		141,462	18,076	-	159,538
Charge for year		14,283	1,338	-	15,621
Disposals in year		-	(3,061)	-	(3,061)
As at 31 July 2023		155,745	16,353	-	172,098
Net book value					
As at 1 August 2022		701,044	3,056	5,476	709,576
As at 31 July 2023		689,289	3,317	23,523	716,129

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 2022/23, the Library's contents and works of art are insured for £196.9 million and £1.8 million respectively (2021/22: £186.1 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.

Notes to the Financial Statements continued...

	Other fixed assets investments £'000	Subsidiary Undertakings £'000	Investment in Associates £'000	Total £'000
13 NON-CURRENT INVESTMENTS				
Group				
As at 1 August 2022	363,545	-	2,765	366,310
Transfer to current asset investments	(41,861)	-	-	(41,861)
Additions	71,902	-	-	71,902
Disposals	(68,178)	-	-	(68,178)
Increase in market value of investments	4,789	-	-	4,789
Increase in investment cash	9,661	-	-	9,661
As at 31 July 2023	339,858	-	2,765	342,623
School				
As at 1 August 2022	363,545	150	-	363,695
Transfer to current asset investments	(41,861)	-	-	(41,861)
Additions	71,902	-	-	71,902
Disposals	(68,178)	-	-	(68,178)
Increase in market value of investments	4,789	-	-	4,789
Increase in investment cash	9,661	-	-	9,661
As at 31 July 2023	339,858	150	-	340,008
Other fixed assets investments consist of:			2023	2022
Group and School			£'000	£'000
Analysis of closing balance				
UK equities			1,212	18,610
Overseas equities			261,065	237,903
UK corporate bonds			20,377	47,633
Investment in property funds			33,354	39,470
Money market funds			100	6,280
Cash on account			12,775	11,926
Property			2,669	1,723
Private Equity			8,306	-
			339,858	363,545
Made up of the following portfolios:				
Capital projects			-	41,861
School Fund			101,434	87,861
Growth			182,733	179,337
Gift matching			20,536	20,935
FER			32,486	31,828
Property			2,669	1,723
			339,858	363,545

Subsidiary Undertakings

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 LLP, 3-5 Charlotte Street, Manchester, M1 4HB	Construction and operation of Hall of Residence	England	19.90%	None

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 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...

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 2023 was \$12.45 million (2022: \$14.65 million).

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

	Group and School 2023 £'000	Group and School 2022 £'000
Income and Expenditure		
Share of income	2,357	2,562
Share of expenditure	(1,780)	(1,825)
Share of surplus	577	737
Balance sheet		
Gross assets	11,913	16,487
Gross liabilities	(11,913)	(16,487)
Share of reserves	-	-
Balances due to other partners (within Other Creditors)	2,710	3,635

15 CURRENT ASSET INVESTMENTS

	Current Asset Investments £'000
Group	
As at 1 August 2022	-
Transfer from non-current asset investments	41,861
Additions	166,173
Disposals	(38,374)
Decrease in market value of investments	(1,533)
Decrease in investment cash	(316)
As at 31 July 2023	167,811
School	
As at 1 August 2022	-
Transfer from non-current asset investments	41,861
Additions	166,173
Disposals	(38,374)
Decrease in market value of investments	(1,533)
Decrease in investment cash	(316)
As at 31 July 2023	167,811

Other current asset investments consist of:

Group and School	2023 £'000	2022 £'000
Analysis of closing balance		
UK corporate bonds	154,724	-
Money market funds	6,120	-
Cash on account	6,967	-
	167,811	-
Made up of the following portfolio:	£'000	£'000
Capital Projects	167,811	-
	167,811	-

	Group 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
16 STOCK				
Food, beverages and consumables	427	318	427	318

Notes to the Financial Statements continued...

	Group 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
17 TRADE AND OTHER RECEIVABLES				
Amounts falling due within one year:				
Other trade receivables	27,149	27,708	24,650	25,051
Research grants receivable	5,808	8,661	5,808	8,661
Amounts due from group undertakings	-	-	6,815	8,501
Taxation and Social Security	5,593	6,158	5,591	6,157
Staff loans for housing	40	44	40	44
Other receivables	594	188	594	(684)
Prepayments and accrued income	11,295	11,163	9,595	9,666
	50,479	53,922	53,093	57,396
Amounts falling due after more than one year:				
Staff loans for housing	194	282	194	282
	50,673	54,204	53,287	57,678

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

	Group 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
18 CREDITORS				
Amounts falling due within one year:				
Bank loans	4,657	4,657	4,657	4,657
Trade payables	6,391	10,658	6,198	10,455
Research creditors and grants received on account	29,982	26,338	29,982	26,338
Amounts due to group undertakings	-	-	-	-
Taxation and Social Security	-	6,194	-	6,194
Other creditors	6,087	10,512	6,085	10,463
Accruals	32,127	36,326	28,159	32,722
Provision for dilapidations	-	205	-	205
Receipts in advance and deferred income	32,281	37,953	31,536	37,226
	111,525	132,843	106,617	128,260
Amounts falling due after one year:				
Bank loans and loan notes	270,957	225,614	270,957	225,614
Derivatives	2,043	13,926	2,043	13,926
Other creditors	4,731	6,978	4,731	6,978
Deferred income	48,620	49,049	48,620	49,049
Deferred VAT payments	-	-	-	-
	326,351	295,567	326,351	295,567

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 2023 due within one 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 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
Donations	382	207	382	207
Research grants received on account	29,982	26,338	29,982	26,338
Grant income	634	1,219	634	1,219
	30,998	27,764	30,998	27,764

Notes to the Financial Statements continued...

	Group 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
19 BORROWINGS				
Bank loans and loan notes are repayable as follows:				
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	13,971	13,971	13,971	13,971
In five years or more	252,329	206,986	252,329	206,986
	275,614	230,271	275,614	230,271

The School has a £75.0 million amortising loan repayable by December 2028 secured over School property. £25.6 million was outstanding at 31 July 2023 (2022: £30.3m). 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.

The School was successful in issuing a £175m private placement, of which £125m was drawn down by 31 July 2023.

Lender	£m	Maturity	Interest Rate	Borrower
Bank loan	25.6	22 December 2028	SONIA + 0.25%	School
Private placement	30.0	27 November 2028	2.70% to 4.15%	School
Private placement	25.0	27 November 2043		School
Private placement	30.0	27 November 2043		School
Private placement	40.0	27 November 2053		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
Total	275.6			

	Group 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
Derivatives				
Fair value at 1 August 2022	13,926	25,447	13,926	25,447
Change in fair value	(11,883)	(11,521)	(11,883)	(11,521)
Fair value at 31 July 2023	2,043	13,926	2,043	13,926

		Obligation to fund deficit on USS Pension £'000	Pension enhancement on termination £'000	Total Pensions Provisions £'000
20 PENSION PROVISIONS	Notes			
Group and School				
As at 1 August 2022		116,142	9	116,151
Utilised in year	7	(7,683)	-	(7,683)
Net charge on pension scheme	10	3,868	-	3,868
Increase in year	7	(1,361)	-	(1,361)
As at 31 July 2023		110,966	9	110,975

Notes to the Financial Statements continued...

Obligation to fund deficit on USS Pension

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

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.

At 31 July 2022 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 £116.1 million.

The 2020 valuation has now been signed and filed with the Pensions Regulator. Proposed amendments in benefits, contribution rates and resultant deficit recovery period are subject to member consultation.

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:

Group and School

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.

	Expendable £'000	Restricted permanent £'000	2023 Total £'000	2022 Total £'000
21 ENDOWMENT RESERVES				
Group and School				
Capital value	108,698	116,554	225,252	237,064
Accumulated income	3,209	896	4,105	3,785
As at 1 August 2022	111,907	117,450	229,357	240,849
New endowments	1,942	3,219	5,161	3,150
Investment income	1,090	1,429	2,519	2,452
Expenditure for the year	(6,851)	(3,242)	(10,093)	(6,986)
Increase/(decrease) in market value of investments	606	1,753	2,359	(10,108)
Total endowment comprehensive income for the year	(3,213)	3,159	(54)	(11,492)
As at 31 July 2023	108,694	120,609	229,303	229,357
Represented by:				
Capital value	105,827	119,404	225,231	225,252
Accumulated income	2,867	1,205	4,072	4,105
	108,694	120,609	229,303	229,357
Analysis by type of purpose:				
Named chairs and lectureships	11,548	37,241	48,789	49,348
Scholarships and bursaries	17,111	28,625	45,736	45,565
Research support	8,759	52,038	60,797	59,817
Library	167	2,533	2,700	2,738
Widening participation	483	-	483	544
Support for academic activities	65,870	-	65,870	66,657
General	4,756	172	4,928	4,688
	108,694	120,609	229,303	229,357
Analysis by asset				
Non current asset investments	108,694	120,609	229,303	229,357
	108,694	120,609	229,303	229,357

Notes to the Financial Statements continued...

	2023 Total £'000	2022 Total £'000
22 RESTRICTED RESERVES		
Group and School		
Reserves with restrictions are as follows:		
As at 1 August 2022	21,166	11,685
New donations	16,417	12,942
Other income	397	209
Expenditure for the year	(8,201)	(3,670)
Total restricted comprehensive income for the year	8,613	9,481
As at 31 July 2023	29,779	21,166

	2023 Total £'000	2022 Total £'000
Analysis of other restricted funds /donations by type of purpose:		
Research support	3,610	4,097
Support for academic activities	23,420	15,184
Support for facilities	319	98
Capital development	-	100
Student support	2,430	1,687
	29,779	21,166

Notes to the Financial Statements continued...

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
23 CASH AND CASH EQUIVALENTS			
Group			
Cash and cash equivalents	66,430	(41,414)	25,016
Bank deposits and money market funds	80,792	(46,983)	33,809
	147,222	(88,397)	58,825

	2023 £'000
24 CONSOLIDATED RECONCILIATION OF NET DEBT	
Net debt 1 August 2022	96,975
Movement in cash and cash equivalents	88,397
New loans obtained in year	50,000
Loan repayments	(4,657)
Changes in market value and exchange rates	(11,883)
Net debt 31 July 2023	218,832
Change in net debt	121,857

	2023 £'000	2022 £'000
Analysis of net debt:		
Cash and cash equivalents	58,825	147,222
Borrowings: amounts falling due within one year		
Secured loans	4,657	4,657
	4,657	4,657
Borrowings: amounts falling due after more than one year		
Derivatives	2,043	13,926
Secured loans	20,957	25,614
Unsecured loans	250,000	200,000
	273,000	239,540
Net debt	218,832	96,975

25 PENSION COMMITMENTS

The School participates in the Universities' Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). USS is a combination of a defined benefit and defined contribution scheme. SAUL is a defined benefit scheme.

	USS		SAUL	
Pension Scheme	2023	2022	2023	2022
Active members	2,141	1,990	1,608	1,471
Contribution rate made by School				
For the period January 2023 onwards	21.6%		21%	
For the period from 1 April 2022 to 31 December 2022	21.6%	21.6%	19%	19%
For the period from 1 October 2021 to 31 March 2022	21.4%	21.4%	16%	16%
For the period from 1 August 2021 to 30 September 2021	21.1%	21.1%	16%	16%
Contribution made (in £'000)	26,768	24,253	7,554	5,512

Notes to the Financial Statements 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 Scheme is as at 31 March 2020 (the valuation date), and was carried out using the projected unit method.

The 2020 valuation was the sixth 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. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

Deficit recovery contributions due within one year for the School are estimated at £8.4m (2021/22: £7.1m)

The key financial assumptions used in the 2020 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).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% 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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

2020 Valuation

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

Notes to the Financial Statements continued...

A deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.49%	3.33%
Inflation	Between 4.0% – 5.0%	Between 4.0% – 6.0%
Movement in staff numbers	Between 0.0% – 6.3%	Between (2.3%) – 0.0%

(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 2020. 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 employers in June 2021 and will be reviewed at SAUL's next formal valuation in 2023. At the 31 March 2020 valuation SAUL was 94% funded on its Technical Provisions basis. However, market movements following the valuation date were positive and the Trustee and the Employers agreed to allow for post-valuation experience up to 30 April 2021. As SAUL was in surplus on its Technical Provisions basis at that date, no deficit contributions were required. However, the Trustee and the Employers agreed to increases in the Employers' contributions which rose from a rate of 16% of CARE Salaries to 19% of CARE Salaries on 1 April 2022 and then subsequently to 21% of CARE Salaries from 1 January 2023.

(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 2023 £'000	Group 2022 £'000	School 2023 £'000	School 2022 £'000
26 CAPITAL AND OTHER COMMITMENTS				
Provision has not been made for the following capital commitments at 31 July:				
Commitments contracted for:				
Capital development projects	1,794	367	1,794	367
Refurbishments	1,948	8,032	1,948	8,032
Equipment and IT software	1,667	2,064	1,667	2,064
	5,409	10,463	5,409	10,463

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

	Land and buildings £'000	Other leases £'000	Group 2023 £'000	Group 2022 £'000
27 LEASE OBLIGATIONS				
Total rentals payable under operating leases:				
Payable during the year	4,378	795	5,173	5,938
Future minimum lease payments due:				
Within one year	4,503	246	4,749	4,663
Between two and five years	19,334	559	19,893	18,797
Five years or more	10,496	17	10,513	15,083
Total lease payments due	34,333	822	35,155	38,543

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 2023 £'000	Group 2022 £'000
Future minimum lease payments receivable:		
Within one year	1,521	1,429
Between two and five years	6,046	5,919
Five years or more	3,275	4,679
Total lease payments receivable	10,842	12,027

28 CONTINGENT LIABILITIES

The School has entered into rental guarantees with Sanctuary Students and Urbanest UK Minorities Limited. Between 2022/23 and 2040/41 the School has financial commitments relating to 1,387 beds with a potential liability estimated at £15.1 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 2023, they have not unduly influenced any transaction between the School and a related party.

During the year ended 31 July 2023, 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	Expenditure/ Payments	Balance due (to)/from at 31 July 2023
	£	£	£
2U	6,559,211	460,784	2,129,179
Afreximbank	-	-	10,000
Bank of England	2,000	72	3,529
British Museum	-	120	0
CASE (Council for the Advancement and Support of Education)	-	10,222	-60
Central Bank of Ireland	-	-	-2,250
Council member	744,483	-	-
EdX	25,505	-	25,505
Elsevier	16,425	122,865	-
Erasmus University Rotterdam	2,313	-	-
Gates Foundation	1,121,814	-	-
Houghton Street Ventures	150	350,000	-
Institute for Fiscal Studies	46,875	56,756	22,914
Kortext	-	25,000	-
London School of Hygiene & Tropical Medicine	1,066,593	12,146	418,569
LSE Students' Union	1,770,116	3,812,150	5,285
Marshall Accelerator	10,000,000	-	-
Modern Law Review	23,897	-	12,760
OFGEM	3,000	-	-
Open University	125,614	-	9,548
Rockefeller Foundation	1,094,744	-	-
Royal Economic Society	5,288	-	-
Russell Group of Universities	40,181	87,000	5,315
Salesforce	-	691,597	-386,639
Standard Chartered Bank	144	-	144
Stanford University	-	52,680	128

Notes to the Financial Statements continued...

The Royal Society	-	12,451	-2,574
University of London	10,511,977	9,128	907

The School's Council members are the trustees for charitable law purposes. During 2022/23, the School covered expenses of £5,699 on behalf of 1 Council member in relation to their role as trustee (2021/22: £nil, no Council members). 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 as remuneration for their time 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 2022/23, 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 2022/23 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
Financial assets measured at fair value as at 31 July 2023					
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, 15	25,962	-	25,962	25,962
		505,000	-	505,000	505,000
Financial assets not measured at fair value as at 31 July 2023					
Shared equity housing loans & 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	
Financial liabilities measured at fair value as at 31 July 2023					
Interest rate swaps associated with bank loans	19	2,043	-	2,043	2,043
Financial assets measured at fair value as at 31 July 2022					
Equity securities	13	295,983	-	295,983	295,983
Corporate debt securities	13	47,633	-	47,633	47,633
Cash and cash equivalents	13	18,206	-	18,206	18,206
		361,822	-	361,822	361,822
Financial assets not measured at fair value as at 31 July 2022					
Shared equity housing loans & freehold property	13	-	1,723	1,723	Not available
Investments in associates	13	-	2,765	2,765	Not available
		-	4,488	4,488	
Financial liabilities measured at fair value as at 31 July 2022					
Interest rate swaps associated with bank loans	19	13,926	-	13,926	13,926

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		Group 2022/23			Group 2021/22		
		Notes	Unrestricted and designated £'000	Restricted £'000	Total £'000	Unrestricted and designated £'000	Restricted £'000
INCOME							
Tuition fees and education contracts	1	294,994	-	294,994	265,772	-	265,772
Funding body grants	2	29,123	-	29,123	29,152	-	29,152
Research grants and contracts	3	40,599	-	40,599	36,886	-	36,886
Other income	4	75,648	397	76,045	64,478	209	64,687
Investment income	5	5,324	2,519	7,843	1,094	2,452	3,546
Total income before donations and endowments		445,688	2,916	448,604	397,382	2,661	400,043
Donations and endowments	6	1,125	21,578	22,703	25,238	16,092	41,330
Total income		446,813	24,494	471,307	422,620	18,753	441,373
EXPENDITURE							
Staff costs	7	251,618	5,714	257,332	224,224	4,203	228,427
Movement on USS Pension Provision	7	(9,044)	-	(9,044)	77,086	-	77,086
Other operating expenses		139,226	12,580	151,806	127,454	6,453	133,907
Depreciation	11, 12	16,072	-	16,072	14,975	-	14,975
Interest and other finance costs	10	13,927	-	13,927	9,158	-	9,158
Total expenditure	9	411,799	18,294	430,093	452,897	10,656	463,553
Surplus/(Deficit) before other gains/losses							
		35,014	6,200	41,214	(30,277)	8,097	(22,180)
Gain/(Loss) on investments	13	2,678	2,359	5,037	(1,865)	(10,108)	(11,973)
Change in fair value of hedging financial instruments	19	11,883	-	11,883	11,521	-	11,521
Surplus/(Deficit) before tax		49,575	8,559	58,134	(20,621)	(2,011)	(22,632)
Taxation		-	-	-	-	-	-
Surplus/(Deficit) for the year/Total comprehensive income for the year							
		49,575	8,559	58,134	(20,621)	(2,011)	(22,632)
Represented by:							
Endowment comprehensive income for the year	21	-	(54)	(54)	-	(11,492)	(11,492)
Restricted comprehensive income for the year	22	-	8,613	8,613	-	9,481	9,481
Unrestricted comprehensive income for the year		49,575	-	49,575	(20,621)	-	(20,621)
		49,575	8,559	58,134	(20,621)	(2,011)	(22,632)

Notes to the Financial Statements continued...

	Group 2022/23	Group 2021/22	School 2022/23	School 2021/22
	Total £'000	Total £'000	Total £'000	Total £'000
32 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION				
Surplus/(Deficit) before other gains/(losses)	41,214	(22,180)	41,216	(21,658)
Adjust for:				
Interest payable	10,059	8,813	10,059	8,813
Pension finance charge	3,868	345	3,868	345
Depreciation	16,072	14,975	16,060	14,963
Pension provision adjustments	(9,044)	77,086	(9,044)	77,086
Earnings before interest, tax, depreciation and amortisation	62,169	79,039	62,159	79,549

Notes to the Financial Statements continued...

			Group 2022/23 Total £'000	Group 2021/22 Total £'000
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33 FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION

Primary Reserve Ratio

Expendable Net Assets

Balance Sheet	Statement of Financial Position – Net assets without donor restrictions	Total unrestricted reserves	534,140	484,565
Balance Sheet	Statement of Financial Position – Net assets with donor restrictions	Total restricted reserves	259,082	250,523
Note 21	Statement of Financial Position – Net assets with donor restrictions	Restricted permanent endowments	(120,609)	(117,450)
Note 11	Statement of Financial Position – Property, plant and equipment, net	Intangible assets - software	(5,213)	(1,635)
Note 12	Statement of Financial Position – Property, plant and equipment, net	Tangible fixed assets	(716,501)	(709,960)
Note 19	Statement of Financial Position – Debt obligations, net	Borrowings	275,614	230,271
Note 20	Statement of Financial Position – Post-employment and pension liabilities	Pension provision	110,975	116,151
Expendable Net Assets			337,488	252,465

Total Expenses and Losses

Note 9	Statement of Activities – Total Operating Expenses	Total expenditure	430,093	463,553
Note 9	Statement of Activities – Total Operating Expenses	Exclude movement on USS provision	1,361	1,361
			431,454	464,914
Note 19	Statement of Activities – Non Operating Activities	Change in fair value of derivatives	(11,883)	(11,883)
Total Expenses and Losses			419,571	453,031

Equity Ratio

Modified Net Assets

Balance Sheet	Statement of Financial Position – Net Assets without Donor Restrictions	Total unrestricted reserves	534,140	484,565
Note 21	Statement of Financial Position – Net Assets with Donor Restrictions	Endowment reserves	229,303	229,357
Note 22	Statement of Financial Position – Net Assets with Donor Restrictions	Restricted reserves	29,779	21,166
Modified Net Assets			793,222	735,088
Modified Assets				
Balance Sheet	Statement of Financial Position – Non-current assets	Non-current assets	1,064,337	1,077,905
Balance Sheet	Statement of Financial Position – Current assets	Current assets	277,736	201,744
Modified Assets			1,342,073	1,279,649

Net Income Ratio

Change in Net Assets without Donor Restrictions

Consolidated Statement of Comprehensive Income and Expenditure	Statement of Activities – Change in Net Assets without Donor Restriction	Unrestricted comprehensive income for the year	49,575	(20,621)
Change in Net Assets without Donor Restrictions			49,575	(20,621)

Total Revenues and Gains without Donor Restrictions

Consolidated Statement of Comprehensive Income and Expenditure	Statement of Activities – Total Operating Revenue and Support	Total comprehensive income for the year	471,307	441,373
Note 5	Statement of Activities – Investment return appropriated for spending	Investment income	(7,843)	(3,546)
Total Revenues and Gains without Donor Restrictions			463,464	437,827

Tangible fixed assets of £716,501k (2021-22: £709,960k) are made up of the following:

- £42,047k (2021/22: £38,977k) relating to post-implementation property, plant and equipment with outstanding debt for original purchase
- £22,296k (2021/22: £2,684k) relating to construction in progress funded by debt
- £652,159k (2021/22: £668,299k) relating to post-implementation property, plant and equipment without outstanding debt for original purchase

Borrowings of £275,614k (2021-22: £230,271k) are made up of the following:

- £42,047k (2021/22: £38,977k) relating to long term debt for long term purposes post-implementation
- £22,296k (2021/22: £2,684k) relating to long term debt for construction in progress
- £211,272k (2021/22: £188,610k) relating to long-term debt not for the purchase of property, plant and equipment

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.

The following financial elements, included in the Financial Responsibility Supplemental Schedule Example in the Federal Register of 23 September 2019 are not applicable in calculating the composite score and so are not included above.

Secured and unsecured related party receivable
Post implementation property, plant and equipment with or without outstanding debt
Lease right-of-use asset elements
Intangible assets - goodwill
Post-implementation long term debt
Line of credit for construction in progress
Notes payable

Annuities with donor restrictions
Term endowments with donor restrictions
Life income funds with donor restrictions
Other components of net periodic pension costs
Change in value of split-interest agreements
Sale of fixed assets, gains (losses)

Five year group financial summary (unaudited)

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Income					
Tuition fees and education contracts	294,994	265,772	250,749	228,111	227,406
Funding body grants	29,123	29,152	37,001	29,304	60,132
Research grants and contracts	40,599	36,886	34,932	34,246	33,267
Other income	76,045	64,687	54,437	66,898	78,140
Investment income	7,843	3,546	3,286	3,879	4,667
Total income before endowments and donations	448,604	400,043	380,405	362,438	403,612
Donations and endowments	22,703	41,330	14,400	58,469	17,190
Total income	471,307	441,373	394,805	420,907	420,802
Expenditure					
Staff costs	257,332	228,427	216,752	220,334	205,254
Change in USS pension provision	(9,044)	77,086	(12,954)	(41,740)	59,555
Other operating expenses	151,806	133,907	109,086	136,438	124,368
Depreciation	16,072	14,975	15,492	15,047	13,528
Interest and other finance costs	13,927	9,158	9,038	9,730	9,016
Total expenditure	430,093	463,553	337,414	339,809	411,721
Surplus/(Deficit) before other gains	41,214	(22,180)	57,391	81,098	9,081
Gain/(loss) on Investments	5,037	(11,973)	49,072	(3,681)	10,371
Change in fair value of hedging financial instruments	11,883	11,521	6,640	(2,617)	(4,001)
Surplus/(Deficit) before tax	58,134	(22,632)	113,103	74,800	15,451
Taxation	-	-	-	-	-
Total comprehensive income for the year	58,134	(22,632)	113,103	74,800	15,451
At July 31 year end:					
Endowment comprehensive income for the year	(54)	(11,492)	42,434	43,384	13,399
Restricted comprehensive income for the year	8,613	9,481	1,566	3,000	2,395
Unrestricted comprehensive income for the year	49,575	(20,621)	69,103	28,416	(343)
Total	58,134	(22,632)	113,103	74,800	15,451
Income and expenditure reserve – restricted endowment reserves	229,303	229,357	240,849	198,415	155,031
Income and expenditure reserve – restricted reserves	29,779	21,166	11,685	10,119	7,119
Income and expenditure reserve – unrestricted	534,140	484,565	505,186	436,083	407,667
Total Reserves	793,222	735,088	757,720	644,617	569,817
Held as					
Fixed assets	721,714	711,595	683,929	641,983	612,311
Investments	342,623	366,310	351,124	296,816	284,282
	1,064,337	1,077,905	1,035,053	938,799	896,593
Net working capital	166,211	68,901	(50,600)	(24,072)	(18,738)
USS pension provision	(110,975)	(116,151)	(38,720)	(51,300)	(91,857)
Other long term liabilities	(326,351)	(295,567)	(188,013)	(218,618)	(216,181)
	793,222	735,088	757,720	644,809	569,817
Adjusted cash flow*	40,664	124,506	68,868	43,267	68,489
Debt servicing costs	14,716	93,471	13,321	12,940	13,001
Debt service cover	2.8	1.3	5.2	3.3	5.3
Total borrowing including derivative	277,657	244,197	265,376	196,673	198,713
** Consolidated net assets	904,197	851,239	796,440	695,917	661,410
Total borrowing as % of consolidated net assets**	30.7	28.7	33.3	28.3	30.0

*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 Liautaud

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 (from 9 May 2023)

Martin Anthony

Ex Officio member as Vice Chair of the Academic Board (to 31 August 2022)

Pauline Barrieu

Academic Board nominee (to 31 August 2022)
Ex Officio member as Vice Chair of the Academic Board (from 1 September 2022)

Julia Biggane

Professional Services Staff nominee (from 22 November 2022)

Sonali De Rycker

Independent member (from 1 January 2023)

Marie Fuchs

Students' Union nominee (from 17 October 2023)

Sarah Gerwens

Students' Union nominee (to 30 June 2023)

David Higgins

Independent member
Chair of the Finance and Estates Committee

Johannes Huth

Independent member
Chair of the Audit Committee

Donald Kaberuka

Independent member

Musimbi Kanyoro

Independent member
Chair of Ethics Committee

David Kershaw

Academic Board nominee (from 1 September 2022)

Tilly Mason

Ex Officio member as General Secretary of the Students' Union (to 30 June 2023)

Niamh Moloney

Academic Board nominee

Eric Neumayer

Ex Officio member as Interim President and Vice Chancellor of the School (from 15 June 2023)

Gavin Patterson

Independent member

James Relf

Ex Officio member as General Secretary of the Students' Union (from 1 July 2023)

Stuart Roden

Independent member
Chair of the Remuneration Committee

Nemat (Minouche) Shafik

Ex Officio member as President and Vice Chancellor of the School (to 14 June 2023)

Angela Spatharou

Independent member

Elisabeth Stheeman

Independent member (to 31 July 2023)

Wim Van der Stede

Academic Board nominee

School Secretary/Company Secretary

Louise Nadal

Company Secretary

Academic Departments, Research Centres, Institutes and Centres

Academic Departments

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

Centre for Analysis of Social Exclusion (CASE)

Centre for the Analysis of Time Series (CATS)

Centre for Climate Change Economics and Policy (CCCEP)

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

International Growth Centre (IGC)

LSE Cities

LSE Health

LSE IDEAS

Middle East Centre

Saw Swee Hock Southeast Asia Centre (SEAC)

Suntory and Toyota International Centres for Economics and Related Disciplines (STICERD)

Phelan US Centre

What Works Centre for Local Economic Growth

Women Peace and Security (WPS)

Institutes and Centres

Firoz Lalji Institute for Africa

International Inequalities Institute (III)

The Data Science Institute

The Marshall Institute for Philanthropy and Social Entrepreneurship (MI)



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