

The London School  
of Economics and  
Political Science



## Annual Accounts

for the year ended 31 July 2005



THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■

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### Introduction

**In the last year the School has continued the rapid pace of change and improvement in its governance set in recent years.**

Effective governance plays a number of vital roles in ensuring the continuing progress of the School. It enables a clear strategic framework to be set for medium and long term development, with clear objectives and milestones for measuring progress. It provides a mechanism for the rigorous monitoring and evaluation of progress and the proper exercise of accountability. It facilitates the promotion of initiatives and the formulation of quick, flexible responses to new external demands and opportunities.

During the past year, the School has streamlined its Strategic Plan, with clear links to an Operating Plan. Audit governance has been strengthened. We have also undertaken a thorough evaluation of the effectiveness of our systems and processes against the provisions of the new CUC Principles and Code of Practice on Governance with some proposals for improvement.

### Responsibilities of Council

As the Governing Body of the LSE, the Council has continued effectively to exercise the full range of responsibilities expected of company directors in overseeing and promoting the School's development, working closely with the Finance and General Purposes Committee.

### Strategic Direction

Council is responsible for determining the overall strategic direction of the School, approving the LSE Strategic Plan for annual submission to the Higher Education Funding Council (HEFCE) and monitoring the progress of agreed priorities in accordance with agreed internal and external guidelines. I am confident that the School's governance structures and processes enable Council to exercise these responsibilities effectively.

Council has approved a new Strategic Plan for the School that provides a more sharply focused statement of medium term priorities, measures of achievement and indicators of performance. The Plan was the subject of extensive consultation within the School.

Council held an Awayday on 27 September 2005, which took stock of progress made in the past 12 months against agreed objectives and focused on a range of issues relating to the priority in the Strategic Plan to 'formulate and implement a planned programme of expansion to enable the School to maintain its competitive position and facilitate intellectual innovation'. The Awayday was not a formal decision making meeting, but provided the opportunity for Council to consider its position on a range of important issues on which members will be required to come to decisions during the forthcoming year and beyond.

### Monitoring

The new Strategic Plan contains measures of achievement and indicators of performance that will assist Council members to fulfil their responsibilities to monitor institutional performance and demonstrate that they are discussing and taking decisions on pertinent issues as company directors. Council will be provided with assessments on progress against each of the five priorities in the Plan during the year, so ensuring members are continually updated and enabled to make meaningful inputs into the realization of the Plan.

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

Council is being assisted to gain a wider perspective on the School's progress through the development of additional comparative data.

**'formulate and implement a planned programme of expansion to enable the School to maintain its competitive position'**

### Institutional Finance

Council has responsibility to ensure the solvency of the Company. Detailed monitoring of the financial position is delegated to the Finance and General Purposes Committee, which reports to Council at least once a term. During the year, the Committee consolidated its operations following the revised terms of reference introduced during 2003-04 and was further strengthened by the addition of an external member to bring further expertise and perspective from outside the HE sector.

### Legal Compliance

As the Governing Body, Council ensured that LSE met its statutory obligations during 2004-05. Like all public bodies, the School is subject to a growing raft of legislative and regulatory requirements. We comply with these constructively, highlighting the positive benefits for the School community, and implementing them with a light touch that seeks to intrude as little as possible upon LSE's core purposes of teaching, learning and research.

The School's legal early warning and survey capacity has been further enhanced by the development of a comprehensive digest of new and forthcoming statutory and regulatory requirements compiled in liaison with the School's solicitors, which records the steps the School is taking to ensure compliance. Continually revised, and submitted to Council once a term, the Register provides a robust mechanism by which Council is able to monitor compliance developments.

The Risk Committee, established in 2003-04, as a full Committee of Council, has continued to develop its work. It has undertaken a major review of the School's Risk Register and is overseeing steps being taken to embed a greater awareness of risk throughout the School, not least in consequence of the international security situation.

The School has received and responded to a large number of requests under the Freedom of Information Act since its full introduction in January 2005.

### Audit

During the past year, a number of steps have been taken to strengthen the Audit Committee, which is responsible to Council for ensuring the integrity, robustness and effectiveness of all the School's operating systems and procedures.

The Terms of Reference of the Committee have been clarified, and the membership structure revised to strengthen the lay element. Protocols have been developed for closer liaison between the Audit and Risk Committees. Steps have been taken to enhance co-ordination between the School's internal audit service and the external audit process.

The School underwent its quinquennial HEFCE audit inspection during the year which concluded that confidence could be placed in all the areas reviewed.

### Court of Governors

Council is supported in its role by the Court of Governors. Governors debate and advise on the School's mission and key policy decisions, broad academic developments and LSE's external profile among key constituencies and have a number of formal governance responsibilities.

As part of the Review of Council Effectiveness, it is intended to increase the involvement of members of the Court in the committees of Council and in a range of other aspects of the School's life and work. The appointment of a member of the Court as Chairman of the Race Equality Working Group of Council during the year was a particularly pleasing development.

### Succession Planning

The Nominations Committee continued its role in succession planning with main committee memberships, chairmanships and office holders. The Committee has continued to implement and develop its revised approach to identifying a more extensive range of potential candidates to fill future vacancies.

In December 2004 the Court of Governors approved the appointment of Ms Presiley Baxendale as a Vice-Chairman of Court and Council for a period of three years in the first instance succeeding Bernard Asher who completed his term of office. I would like to take this opportunity to record my grateful thanks to Bernard who, I am pleased to say, will continue his active association with the School as a Governor.

Two further Emeritus Governors, Sir Gordon Manzie and Ms Rita Stephen, were appointed under the scheme adopted last year in recognition of their outstanding service to the School over many years.

### Diversity

We have increased the diversity of the membership of Court and Council during the past year and continue to seek to do so.

### Looking Ahead

We seek to continue to make LSE a model of good governance practice following the highest ethical standards. I believe that significant steps have been taken in the past year to enhance yet further the effectiveness of LSE's governance structure, so ensuring that it plays a full and constructive part in underpinning and promoting the development of the School.



**Lord Grabiner of Aldwych**

Chairman of the Court and Council





2004-05 was a year of steady progress at the School. Our financial performance was again strong as in the previous two years, when our finances benefited from some unsustainable over-recruitment. We comfortably exceeded our target surplus of three to four per cent of turnover. We also pushed forward our plans to renew the campus, and to refresh our academic offerings.

We were also pleased to find that in the university rankings published by The Times Higher Educational Supplement, LSE was positioned at number 11 in the global league table, and second – behind Harvard – in the Social Sciences league. I think anyone directly involved in Higher Education is bound to be sceptical about the precision of these rankings, but it is nonetheless better to be nearer the top of the league than the bottom.

### Higher Education Act

I explained last year that, following extensive debate, we had decided in principle to charge home and EU undergraduates £3,000 for all our programmes, subject to reaching a satisfactory agreement with OFFA, the new access regulator. During the year we developed a bursary scheme, based on a sliding scale of support for students from lower-income families, which will redistribute around a third of the additional income raised from the higher fees.

OFFA approved our scheme, and the overall access agreement, so we will now proceed along those lines, when

the new regime is introduced in the autumn of 2006. We are determined to ensure that higher fees do not affect the character of LSE's student body and are confident that the bursary scheme will allow us to continue to recruit good students from disadvantaged communities.

'the bursary scheme will allow us to continue to recruit good students from disadvantaged communities'

### The Estate

Last year I also reported the purchase of a new building on Kingsway, which will allow a radical improvement in the quantity and quality of our research and teaching space. The project is planned for completion in the summer of 2008. During the year we appointed the architects, after a competition, as part of which staff and students voted for their preferred scheme. In the event, we appointed Nicholas Grimshaw and partners, who scored highly in both the professional appraisal and the popular vote.

Working closely with us, Grimshaw have designed the interior of the building, and we have agreed that both the Department of Law and a new Department of Management,

will move into the upper floors. The lower floors will be devoted to teaching spaces, which will be used by all Academic Departments.

The new building on Kingsway has also given us the ability to plan for the future, across the campus as a whole, with far greater certainty. Some of our buildings are in urgent need of either demolition or substantial remodelling. We have developed a realistic and achievable plan which would deliver a campus able to accommodate 9,000 students, and to provide better open spaces, by 2012.

During the year itself, one milestone event was the reopening of the Three Tuns student union bar, after extensive renovation. Some say it has lost some of its dingy atmosphere and charm, an example of *nostalgie de la boue*, I think. It certainly seems to play as crucial a role as ever in the life of the School in its new, more hygienic state.

### Campaign for LSE

To deliver the estate plan, with buildings of which we can be proud, we need to secure support from alumni and elsewhere. We also need to attract more scholarship support for students, to remain competitive with the best universities at home and overseas.

We made progress on both fronts during the year. Our first sizeable donation towards the new building came from a Thai entrepreneur, Charoen Sirivadhanabhakdi, three of whose family have been educated here. On the scholarship front, Stelios Haji-Ioannou of Easy Group, who graduated in 1987, generously committed £2m to support both 10 annual undergraduate scholarships and the development at 24 Kingsway.

Other gifts from home and overseas of £9 million during the year brought the campaign total up to £75 million. The original target for the campaign was £100 million, but of course we expect that, in future, fundraising will be a permanent feature of our activities.

### Growth

I have referred to our aim gradually to increase the School's student body from 7,500 to 9,000 full time students over the next few years. That growth is unlikely to be uniform across all our programmes.

During the year the School's central management has worked with Departments to begin the process of developing strategic plans for the next five years. That process has already generated a number of imaginative ideas for new programmes which will help to refresh our academic portfolio.



Much of the growth will, we expect, come in our Masters programmes. But we also applied to the Higher Education Funding Council for more undergraduate places. While we will not get all we asked for, the indications are that we will be able to expand our domestic undergraduate programmes a little for the first time for some years. We attach importance to maintaining a strong undergraduate programme with a big domestic component. It is essential to the maintenance of the character of the School.

### New Ventures

In 2004-05 itself we established a new LSE Urban Centre which will act as the focal point for urban research in the School, and will provide intellectual stimuli for the wide range of teaching programmes we already run in

urban studies. We also launched a major initiative in the same area, funded by the Herrhausen Foundation, called the Urban Age. That involves a series of conferences in some of the greatest global cities, exploring the ways in which they are addressing major economic and social issues. Successful events have already been held in New York and Shanghai: more will

follow, in London and elsewhere.

An Innovation Laboratory, known as Box, was launched in partnership with EDS. It is being used to provide an environment in which academics, government officials and business people can meet to reflect on problems of mutual interest and concern and seek imaginative solutions to them.

At the end of the year the School's Academic Board and Council decided, after a lengthy process of review, to set up a new Department of Management – which will incorporate five existing teaching and research units: Industrial Relations, Operations Research, Information Systems, Accounting and the Interdisciplinary Institute of Management. This is a complex merger, which will take a couple of years to implement fully. We expect that it will provide a platform on which we can develop new teaching programmes and research initiatives. We believe there are significant opportunities for the School to expand its offerings in management education.

### International Links

So far, our assessment is that LSE would not benefit from the establishment of an overseas campus. It would be impossible to come close to duplicating the experience we can offer on our home turf. But we have developed an active approach to developing partnerships with other institutions, where we believe that, together, we can produce teaching or research which we could not manage on our own.

I referred last year to our work with Columbia, with the Paris School of Political Science, and with Peking University. Those relationships developed further during the year, as did the Trium Executive MBA programme we offer with New York University and the French Haute Ecole Commerciale.

The partnership with Columbia and Sciences Po looks likely to attain a new dimension in China, where we can offer programmes, both degree and customised, together. With Peking University our Summer School in Beijing doubled in size, and we have agreed to launch a two-year double degree programme in International Relations with them in 2006.

These developments reflect the particular attention the School has been paying to its position and profile in Asia, which is the source of around 20 per cent of the student body.

### Quality Assurance

During the year we benefited from a more than usually substantial dose of attention from the Quality Assurance Authority. This was, in part, because we applied for Degree Awarding Powers. Hitherto LSE has awarded University of London degrees. Given the uncertain prospects for the federal university it seemed prudent to us – and indeed to other colleges of the University of London – to apply for these powers.

Helpfully, the QAA team combined their assessment with their regular institutional audit. The outcome was satisfactory to the School. We were advised that we meet the requirements to award degrees, though the audit team made some useful suggestions for improvements in our processes, which we shall take forward. We are now considering the case for seeking to exercise these powers in due course, and to award LSE degrees for the first time.

'we established a new LSE Urban Centre which will act as the focal point for urban research in the School'

## Financial Situation

### Income and Expenditure

The consolidated income of the School and its subsidiaries increased 4 per cent to £135m (2003-04 £129m) for the financial year ending 31 July 2005. Tuition fee income increased by 7 per cent to £63m and Research Grants and Contracts income increased by 6 per cent to £15m.

The School achieved a surplus of £10.1m, equivalent to 7.5 per cent of gross income (2003-04, £8.8m, 6.8 per cent.) Overall, student numbers were on target but with UK and other European Union undergraduates slightly higher than the HEFCE agreed contract range and a correspondingly lower number of postgraduate students.

The redevelopment cost is expected to be £46m, of which approximately half will be funded by grants and donations.

In November 2004 the School acquired the freehold of the third and final tower of the former Mobil Court for £13m, with the support of funding from a £9m Science Research Infrastructure Funding (SRIF 2) grant. A £6m renewal of mechanical and electrical services, creation of 17 new seminar and lecture rooms and refurbishment in former Mobil Court towers 1 and 2 will be completed in Lent Term 2006.

### Funding Council Grants

Although the School has a relatively low proportion of HEFCE grant funding, the £24.2m received together with £0.4m from the Joint Information Systems Committee (JISC) is an essential contribution to the financial viability of the School.

### Research Income

Income from Research Grants and Contracts increased 6 per cent to £15m. Research Councils account for 35 per cent of this, Government Departments, the European Community and Charities 37 per cent.

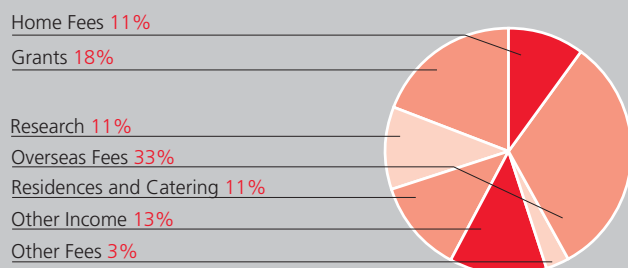
During the year work has been completed to ensure compliance with the HEFCE Transparent Approach to Costing (TRAC) guidelines, and we are submitting Research Council grant applications on a full economic cost basis from September 2005. The School welcomes the Research Council's new funding regime and looks forward to closing the gap between research funding and the full cost of the work performed. The School also welcomes the statement from the Treasury indicating that government departments will fund the full cost of research that they commission. There are concerns in some academic departments that this may result in a decrease in the overall volume of research commissioned. The funding arrangements for European Community research programmes in which the School participates remain insufficient to cover the full economic cost and the School continues to spend substantially more than its HEFCE QR grant income on fundamental research.

The School has a clear objective to recover at least the full economic cost of work done on commercial non-peer reviewed research, but also aims to continue to deliver peer reviewed research of the highest quality, recognising its importance both to teaching and to the broader social aims of the School.

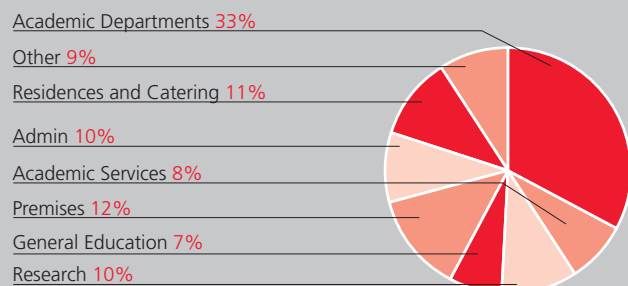
### Enterprise LSE Limited and subsidiary

Enterprise LSE Limited and its subsidiary, Enterprise LSE Cities Limited, are wholly owned subsidiaries of the School that exist to exploit the potential for consultancy, executive education and related activities that the School's world-class faculty offers. These subsidiaries contributed over £1 million to the earnings of academic staff and an operating surplus to the School during the year. The customised corporate executive education collaboration with Duke University, through Duke CE Limited, is proving very successful.

### Income



### Expenditure



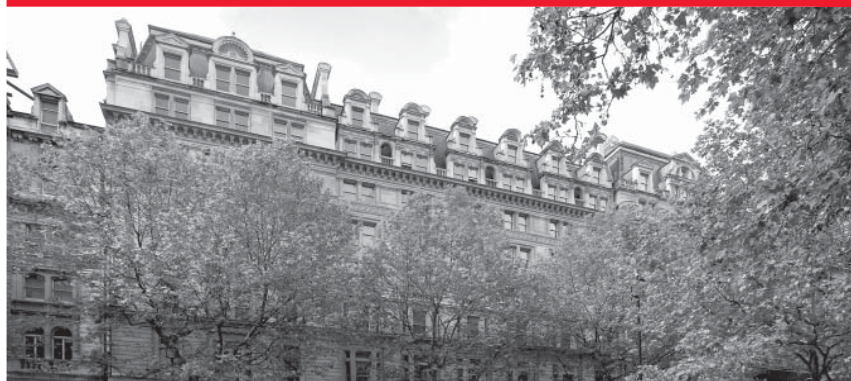
Staff costs increased by 7 per cent to £73m: 58 per cent of total expenditure. This increase includes the effects of an increase in the number of academic staff, the transfer back to the School of previously outsourced catering services, the annual pay award, additional recruitment and retention payments, increases in London Allowance and the benefits to staff of the application of the HERA job assessment process. Continuing attention to efficiency of administration and support services resulted in reductions of non-pay expenses.

This third consecutive year of surplus of income over expenditure in excess of the three to four per cent target range recommended by HEFCE and adopted by the School's Finance and General Purposes Committee in 2003 enables the School to embark on its infrastructure improvement programme with confidence.

### Capital Expenditure

In October 2004, the School acquired the freehold of 24 Kingsway for £18m. Design work under Grimshaw is nearing completion. It is expected that redevelopment work will take 2 years from Easter 2006 and that the New Academic Building will be fully operational for Michaelmas term 2008.





## Residences

In September 2005, the School opened its newest 169 studio room residence, Grosvenor House, in Drury Lane, two minutes from Covent Garden and the Royal Opera House and four minutes from Houghton Street. It has immediately become the most requested residence.

The School has entered into an agreement to lease a new 360-bed hall of residence in Northumberland Avenue, within 5 minutes of Trafalgar Square, which is currently under development. The development of a 366-bed residence, to be known as Lillian Knowles House, in Spitafields is also underway in conjunction with Shaftsbury Housing Association.

A £7m refurbishment scheme for Passfield Hall residence has been committed and will take place during 2005-06.

Shortly after the end of the year, the School completed the acquisition of the freehold of the hall of residence at High Holborn, previously occupied under a finance lease. There are no current plans to sell or to enter into off-balance sheet financing for any of the current freehold or long lease residences. Following a review of residences requirements, the disposal of the houses at Silver Walk has been approved in principle, though this is unlikely to happen in the 2005-06 academic year.

## Conclusion

The environment in which British Universities operate is increasingly competitive, both at home and overseas. We compete for the best students, for resources from the Funding and Research Councils, and for highly mobile teaching and research staff.

I believe LSE is well-placed to succeed in this environment. Our faculty is strong, and our profile and reputation are high. But success in practice requires a willingness to adapt and change quickly when necessary. That will certainly be the key challenge we face in the coming years.

A handwritten signature in black ink, reading "Howard Davies".

**Howard Davies**  
Director

**Northumberland Avenue**  
Right and above left

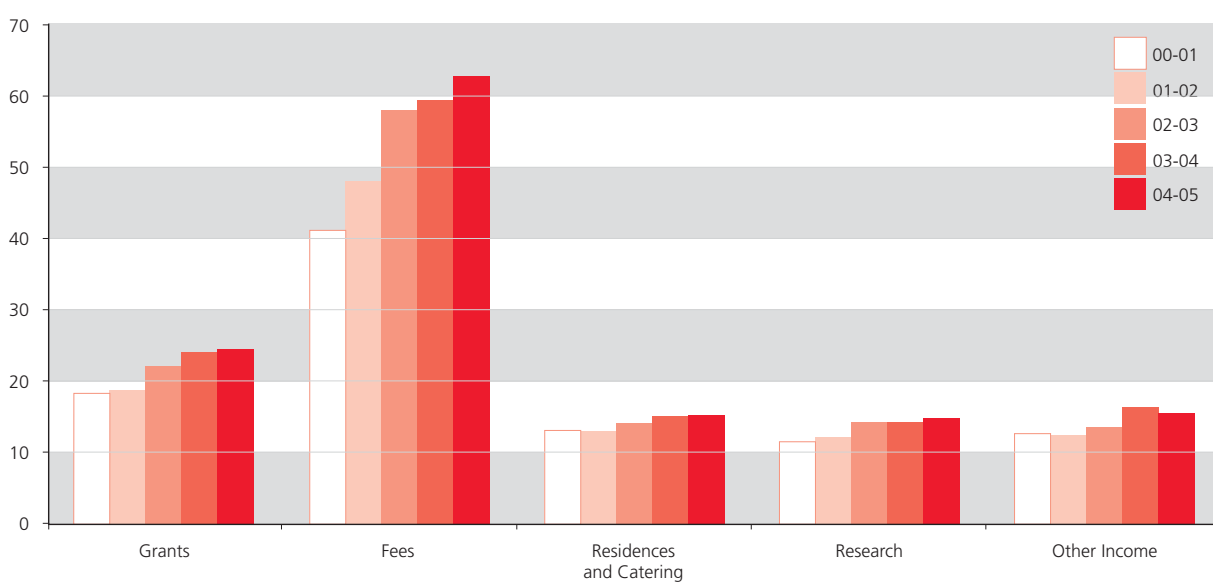




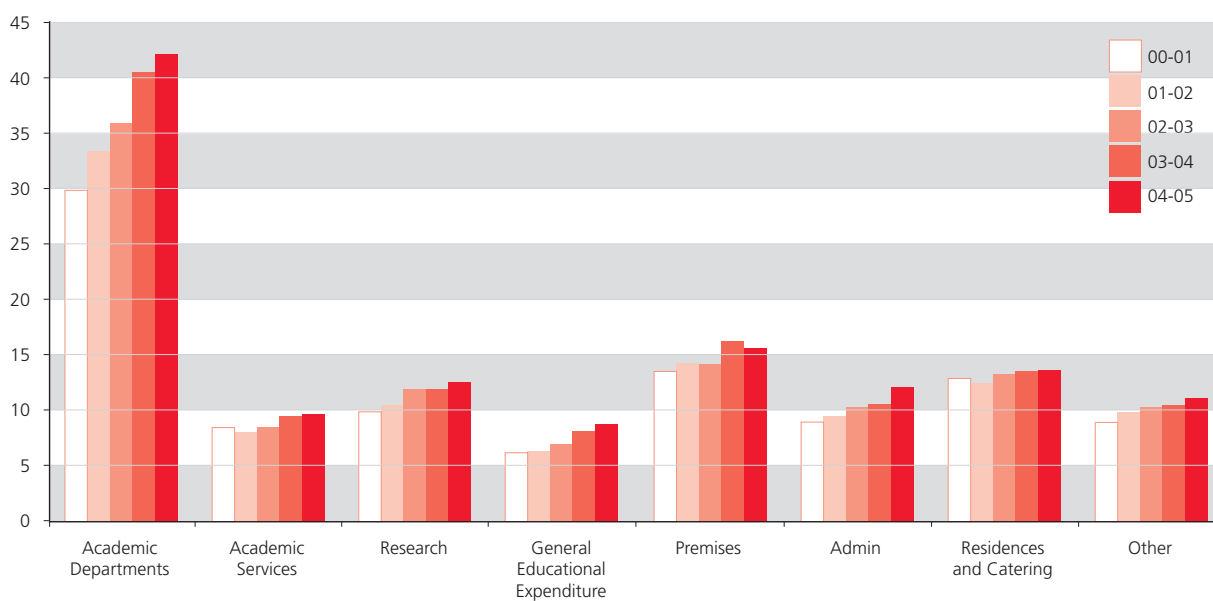
## Five Year Analysis of Income and Expenditure



### Income £m



### Expenditure £m





### Principal Activities

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

### Review of the Year and Future Developments

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

### Subsidiary Companies

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

### Fixed Assets

The market value of the School's Land and Buildings is substantially higher than the historical cost shown in the Balance Sheets. The buildings were insured on a cost of reinstatement basis at the year end of £464m (Net Book Value £181m).

### Employment

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

### Payment of Creditors

It is the School's policy to negotiate terms with suppliers that deliver best value. It is the policy of the School to pay its suppliers in accordance with negotiated terms.

### Directors

The Directors of the School are shown at page 32.

**Howard Davies**  
Director



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

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

The accounts set out on pages 10 to 26 have been prepared in accordance with the following accounting policies:

### (a) Basis of Accounting

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

### (b) Format of the Accounts

The accounts are prepared to conform to the Companies Act 1985 and also with the Statement of Recommended Accounting Practice (SORP): Accounting for Further and Higher Education dated July 2003.

### (c) Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the School and all its subsidiary undertakings for the financial year as set out in Note 12. Where the School enters into a Joint Venture arrangement it consolidates its share of assets, liabilities, income and expenditure, in accordance with the requirements of FRS 9. The consolidated financial statements do not include those of the Students' Union as it is a separate entity in which the School has, under existing arrangements, no financial interest and no control or significant influence over policy decisions.

### (d) Income and Expenditure Account

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

#### **(e) Land and Buildings**

Land and buildings are capitalised in the School's Balance Sheets at historical cost.

The Finance and General Purposes Committee have reviewed the usable lives of the School's buildings in line with FRS15 and the depreciation policy is based on this assessment.

Freehold buildings are depreciated over the remainder of their useful economic lives which range between 11 and 77 years. Leasehold buildings are amortised over the remaining period of the lease.

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

A review for impairment of a fixed asset is carried out when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, or where an asset is deemed to have an economic life in excess of 50 years. No impairment has been charged to the 2004-05 accounts.

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

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

#### **(f) Furniture and Equipment**

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

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

#### **(g) Finance Leases**

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

#### **(h) Operating Leases**

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

#### **(i) Residences Finance Lease**

The School's liability under this finance lease is calculated as the principal plus any accrued interest as at the year end. The annual interest charge on the lease is calculated as the interest element of the rental paid during the year plus any accrued interest. The lease was paid in full and the freehold acquired shortly after the year end.

#### **(j) Stock**

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

#### **(k) Investments**

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

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

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

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

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

#### **(l) Foreign Currency**

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

#### **(m) Pensions**

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements for the University of London (SAUL). Both are defined benefits schemes and are externally funded and contracted out of the State Second Pension (S2P) Scheme. The liabilities are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the 2002 actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the school benefits from the employees' services. The 2005 actuarial valuation is not yet available.

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

#### **(n) Cash Flows and Liquid Resources**

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

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



## Consolidated Income and Expenditure Account

	NOTES	2005 £'000	2004 £'000
<b>Income</b>			
Funding Council grants	1	24,677	24,048
Tuition fees and education contracts	2	63,350	59,392
Research grants and contracts	3	15,032	14,192
Other income	4	28,696	27,574
Endowment and investment income	5	3,492	3,918
<b>Total income</b>		135,247	129,124
<b>Expenditure</b>			
Staff costs	6	72,745	68,080
Other operating expenses	7	46,257	45,683
Depreciation		3,247	3,261
Interest payable	8	2,850	3,327
<b>Total expenditure</b>		125,099	120,351
Surplus on continuing operations after depreciation of tangible fixed assets at cost and before tax		10,148	8,773
Taxation		–	–
<b>Surplus on continuing operations after depreciation of assets at cost and tax</b>		10,148	8,773
Transfer to accumulated income within general endowments		(24)	(404)
<b>Surplus for the year retained within general reserve</b>	22	10,124	8,369

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

As permitted by Section 230 of the Companies Act 1985, the income and expenditure account of the Company is not presented as part of these financial statements. Of the total surplus for the year of £10,124,000, a surplus of £10,195,000 was made by the Company.

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

## Statement of Total Recognised Gains and Losses

	NOTES	2005 £'000	2004 £'000
Surplus on continuing operations after depreciation of assets at cost and tax		10,148	8,773
New endowments	20	4,433	4,495
Revaluation of endowment asset investments	20	3,855	736
Endowment investment income for the year	20	1,618	1,151
Endowment expenditure for the year	20	(3,936)	(3,589)
Endowments transferred to deferred capital grants	20	(542)	–
Revaluation of investments within fixed assets	21	942	–
<b>Total recognised gains and losses relating to the year</b>		<b>16,518</b>	<b>11,566</b>
<b>Reconciliation of movement in reserves and endowments</b>			
Opening reserves and endowments		97,151	85,585
Total recognised gains and losses for the year		16,518	11,566
Closing reserves and endowments		113,669	97,151



## Balance Sheets

	NOTES	Group 2005 £'000	School 2005 £'000	Group 2004 £'000	School 2004 £'000
<b>Fixed Assets</b>					
Intangible assets	9	–	–	49	–
Tangible assets	10	182,745	182,142	149,795	149,161
Investments	11	8,109	8,109	7,070	7,070
Investments in subsidiary undertakings	12	–	150	–	150
Investments in joint ventures	13	220	–	160	–
		191,074	190,401	157,074	156,381
<b>Endowment Assets</b>	14	44,492	44,492	39,040	39,040
<b>Current Assets</b>					
Stock		85	85	67	67
Debtors	15	10,399	11,829	12,764	14,113
Bank deposits	16	–	–	13,000	13,000
Cash at bank and in hand		13,467	12,787	8,474	7,483
		23,951	24,701	34,305	34,663
<b>Creditors: amounts falling due within one year</b>	17	(37,105)	(37,680)	(28,112)	(28,346)
<b>Net current (liabilities)/assets</b>		(13,154)	(12,979)	6,193	6,317
<b>Total assets less current liabilities</b>		222,412	221,914	202,307	201,738
<b>Creditors: amounts falling due after more than one year</b>	17	(50,074)	(50,074)	(56,646)	(56,646)
<b>NET ASSETS</b>		172,338	171,840	145,661	145,092
<b>Deferred capital grants</b>	19	58,669	58,669	48,510	48,510
<b>Endowments</b>					
Specific	20	38,047	38,047	32,702	32,702
General	20	6,445	6,445	6,338	6,338
		44,492	44,492	39,040	39,040
<b>Reserves</b>					
Revaluation Reserve	21	942	942	–	–
General reserve	22	68,235	67,737	58,111	57,542
		69,177	68,679	58,111	57,542
<b>TOTAL</b>		172,338	171,840	145,661	145,092

The financial statements on pages 8 to 26 were approved by the Court of Governors on 8 December 2005 and were signed on its behalf



Lord Grabiner of Aldwych



Howard Davies



## Consolidated Cash Flow Statement



	NOTES	2005 £'000	2004 £'000
Cash flow from operating activities	23	13,355	15,316
Returns on investments and servicing of finance	24	(365)	(950)
Capital expenditure and financial investment	25	(25,733)	693
Management of liquid resources	26	17,000	(13,000)
Financing	27	5,060	(4,304)
<b>Increase/(decrease) in cash in the period</b>	28	9,317	(2,245)
<b>Reconciliation of net cash flow to movements in net funds/debt</b>			
Increase/(decrease) in cash in the period		9,317	(2,245)
Cash inflow from new secured loans	27	(10,000)	(45,000)
Cash (inflow)/outflow from liquid resources	26	(17,000)	13,000
Changes in net debt resulting from cash flows	27	4,940	49,304
Movements in net debt in period		(12,743)	15,059
Net debt at 1 August 2004/2003		(31,569)	(46,628)
Net debt at 31 July 2005/2004		(44,312)	(31,569)

**1 FUNDING COUNCIL GRANTS**

	NOTES	2005 £'000	2004 £'000
<b>From the HEFCE</b>			
Block Recurrent		21,489	20,776
Library Grants		262	234
Higher Education Innovations Fund		720	160
Recruitment and Retention		955	833
Project Capital Round 2/3		231	949
Other Specific Grants		191	276
Deferred Capital Grants Released in Year	19	383	369
		24,231	23,597
<b>From the Joint Information Systems Committee</b>		446	451
		24,677	24,048

**2 TUITION FEES AND EDUCATION CONTRACTS**

Tuition Fees:			
Home/EC Students		15,150	13,124
Overseas Students		44,354	42,463
TRIUM MBA		826	710
Short Courses		2,869	2,946
Examination and Other Fees		151	149
		63,350	59,392

**3 RESEARCH GRANTS AND CONTRACTS**

Research Councils		5,221	4,681
Government Departments		2,233	2,588
Charities		1,977	1,636
European Community		1,406	1,238
Other Outside Bodies		2,768	2,489
Specific Endowments	5	1,427	1,560
		15,032	14,192

**4 OTHER INCOME**

Residences and Catering		15,242	15,040
Rental Income		1,586	2,164
Overheads – Reimbursed		232	211
Publications		789	809
Library		917	666
External Study Programme		2,336	1,544
Consultancy Services		2,723	2,820
VAT Partial Exemption Scheme		277	248
Application Fees		471	328
Staff and Student Facilities		660	–
Departmental Outside Funds		1,190	1,744
Research Balances Transferred to Reserves		955	720
Donations towards Estates Projects		800	522
Release of deferred Capital Donations	19	351	366
Sundry		167	392
		28,696	27,574

There is no comparative figure for 2004 for Staff and Student Facilities as previously income was netted off against expenditure.

**5 ENDOWMENT AND INVESTMENT INCOME**

Transferred from Specific Endowments	20	3,936	3,589
Donations for General Purposes	20	19	354
Investment of General Endowments			
Interest and Dividends Receivable	20	172	143
Profit/(Loss) on Revaluation		–	89
Investment of General Funds			
Interest and Dividends Receivable		695	1,083
Profit/(Loss) on Revaluation		97	220
Research Grants and Contracts funded by Specific Endowments	3	(1,427)	(1,560)
		3,492	3,918

6	STAFF COSTS		
		<b>2005</b>	<b>2004</b>
		£'000	£'000
	Total staff costs for the year were:		
	Wages and Salaries	61,357	57,434
	Social Security Costs	5,313	5,041
	Other Pension Costs	6,075	5,605
		<b>72,745</b>	<b>68,080</b>

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

	<b>2005</b>	<b>2004</b>
	Number	Number
Academic Departments	702	667
Academic Services	158	157
Research Grants and Contracts	229	234
General Educational Expenditure	2	2
Premises	83	74
Administration and Central Services	298	303
Staff and Student Facilities	28	23
Other Operating Expenditure	45	50
Student Residences	133	98
Central Catering	46	40
	<b>1,724</b>	<b>1,648</b>

Some of the 2004 Staff Number figures have been re-stated to ensure comparability with 2005. The previous staff number of 1,745 has changed to 1,648 due to staff working variable hours now being counted based on actual hours worked. Previously the database used maximum contractual hours.

	<b>2005</b>	<b>2004</b>
	£'000	£'000
<b>Directors' Remuneration</b>		
<b>Directors</b>		
Emoluments (2004-05 – 10 Directors ; 2003-04 – 9 Directors)	812	731
Retirement benefits are accruing to 9 directors under a defined benefit scheme, USS.		
<b>Highest paid director</b>	12 Months	10 Months
Emoluments	214	172
Defined benefit pension scheme:		
Accrued pension at end of year	2	1
Accrued lump sum at end of year	7	3
<b>Emoluments of the Director</b>		2 Months
Salary (resigned 30 September 2003)	–	31
Benefits in kind	–	9
	–	40
Pension contributions	–	–
	–	40
Contributions to the pension scheme had stopped as 40 years pensionable service had been achieved.		
	12 Months	10 Months
Salary (appointed 1 October 2003)	194	161
Benefits in kind	20	11
	214	172
Pension contributions	27	23
	<b>241</b>	<b>195</b>

The Director was the School's 'Highest Paid Director' as disclosed above. The figures for 2003-04 are only for 10 months as he was appointed from 1 October 2003.



**6 STAFF COSTS (Continued)**

	Higher Paid Employees	
	2005 Number	2004 Number
The number of other Higher Paid Staff (excluding the Director) but including directors who received emoluments including benefits in kind but excluding employer's pension contributions in the following ranges was:		
£70,001 – £80,000	51	25
£80,001 – £90,000	31	20
£90,001 – £100,000	8	5
£100,001 – £110,000	8	8
£110,001 – £120,000	6	4
£120,001 – £130,000	1	1
£130,001 – £140,000	5	–
£140,001 – £150,000	1	2
	111	65

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

One of the above employees received a severance package worth £128,000.

	2005 £'000	2004 £'000
<b>7 OTHER OPERATING EXPENSES</b>		
Academic Departments	3,109	4,073
Library and IT Services	4,259	4,295
Research Grants and Contracts	2,884	2,802
General Educational Expenditure	8,009	7,598
Premises	10,239	10,546
Administration and Central Services	2,966	2,551
Staff and Student Facilities	982	376
Residences and Catering	8,009	8,141
Miscellaneous	5,800	5,301
	46,257	45,683
Other operating expenses include:		
Auditors' remuneration – external audit	51	47
Auditors' remuneration – other services	19	15

**8 INTEREST PAYABLE**

Loans repayable within five years	72	141
Loans not wholly repayable within five years	2,348	2,329
	2,420	2,470
Finance Leases	430	857
	2,850	3,327

**9 INTANGIBLE FIXED ASSETS****Research and Development**  
£'000**Group****COST**

As at 1 August 2004

117

Disposals

(14)

As at 31 July 2005

103

**DEPRECIATION**

As at 1 August 2004

68

Charge for Year

35

As at 31 July 2005

103

**NET BOOK VALUE**

As at 1 August 2004

49

As at 31 July 2005

—

The Intangible Fixed Asset was capitalised software development costs in Enterprise LSE Limited.

**School**

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



50 years of the Gender institute

**10 TANGIBLE FIXED ASSETS**

	LAND AND BUILDINGS		EQUIPMENT £'000	TOTAL £'000
	FREEHOLD £'000	LONG LEASEHOLD £'000		
<b>GROUP</b>				
<b>Cost</b>				
As at 1 August 2004	142,043	16,911	6,697	165,651
Additions	35,453	1	659	36,113
Disposals	–	–	(345)	(345)
As at 31 July 2005	177,496	16,912	7,011	201,419
<b>Depreciation</b>				
As at 1 August 2004	10,066	1,884	3,906	15,856
Charge for Year	2,224	321	618	3,163
Disposals	–	–	(345)	(345)
As at 31 July 2005	12,290	2,205	4,179	18,674
<b>Net Book Value</b>				
As at 1 August 2004	131,977	15,027	2,791	149,795
As at 31 July 2005	165,206	14,707	2,832	182,745

	LAND AND BUILDINGS		EQUIPMENT £'000	TOTAL £'000
	FREEHOLD £'000	LONG LEASEHOLD £'000		
<b>SCHOOL</b>				
<b>Cost</b>				
As at 1 August 2004	142,043	16,261	6,475	164,779
Additions	35,453	1	675	36,129
Disposals	–	–	(345)	(345)
As at 31 July 2005	177,496	16,262	6,805	200,563
<b>Depreciation</b>				
As at 1 August 2004	10,066	1,826	3,726	15,618
Charge for Year	2,224	310	614	3,148
Disposals	–	–	(345)	(345)
As at 31 July 2005	12,290	2,136	3,995	18,421
<b>Net Book Value</b>				
As at 1 August 2004	131,977	14,435	2,749	149,161
As at 31 July 2005	165,206	14,126	2,810	182,142

**Group and School**

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

Included within Freehold Land and Buildings is Student Residential Accommodation with book value of £12,177,000 (2003-04 – £12,342,000) which is financed by a finance lease. The depreciation charge was £165,000 (2003-04 – £165,000).

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



**11 INVESTMENTS WITHIN FIXED ASSETS – Group and School**

	<b>2005</b> £'000	<b>2004</b> £'000
<b>Movement in the year</b>		
Balance at 1 August	7,070	6,851
Additions	3,826	–
Disposals	(3,826)	–
Appreciation of assets including reinvested profits on sales	1,039	219
Balance at 31 July	8,109	7,070
<b>Analysis of closing balance</b>		
UK Equities	3,245	3,520
Overseas Equities	2,100	2,366
Gilts	784	–
UK Corporate Bonds	1,219	687
Other	761	436
Money Market Funds	–	61
Invested	8,109	7,070

**12 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

	<b>Group</b> <b>2005</b> £'000	<b>School</b> <b>2005</b> £'000	<b>Group</b> <b>2004</b> £'000	<b>School</b> <b>2004</b> £'000
Subsidiary Companies	–	150	–	150

Principal subsidiaries are:

<b>Name</b>	<b>Nature of Business</b>	<b>Shareholding £1 Ordinary Shares</b>	<b>Number of Shares</b>
Enterprise LSE Limited	Consultancy	100%	150,000
Enterprise LSE Cities Limited	Consultancy	100%	2
LSE LETS Limited	Vacation Lettings	100%	2
VELSE Limited	Dormant	100%	2
LSE Asia Limited	Dormant	100%	2

All of the above are registered in England.

The results of the following subsidiaries are also consolidated;

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

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

**13 INVESTMENTS IN JOINT VENTURES**

	<b>Group</b> <b>2005</b> £'000	<b>School</b> <b>2005</b> £'000	<b>Group</b> <b>2004</b> £'000	<b>School</b> <b>2004</b> £'000
Joint Ventures	220	–	160	–

The School has a 50% share in the Journal of Transport Economics and Policy being a Joint Venture with the University of Bath. Accounts have not yet been received for 2004–05 but the 2003–04 Accounts show the School's share of Turnover to be £44,000 and Operating Profit to be £5,000. These have not been disclosed on the face of the Income and Expenditure Account due to immateriality.

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

**14 ENDOWMENT ASSETS – Group and School**

	<b>2005</b> £'000	<b>2004</b> £'000
<b>Movement in the year</b>		
Balance at 1 August	39,040	35,843
Additions	12,280	2,549
Disposals	(10,635)	(128)
Appreciation of assets including reinvested profits on sales	3,856	825
Depreciation of Freehold Property	(49)	(49)
Balance at 31 July	44,492	39,040
<b>Analysis of closing balance</b>		
UK Equities	14,100	16,394
Overseas Equities	3,914	4,140
Gilts	5,485	2,012
UK Corporate Bonds	8,466	4,931
Other	1,152	586
Money Market Funds	598	474
Invested	33,715	28,537
Freehold Property	2,225	2,275
Uninvested Cash	8,552	8,228
	44,492	39,040

Included within Freehold Property is an Investment of £33,000 in CVCP Properties PLC representing the School's allotment of shares that enabled the University sector to purchase the freehold of the UUK's Headquarters in Tavistock Square.

**15 DEBTORS**

	<b>Group 2005</b> £'000	<b>School 2005</b> £'000	<b>Group 2004</b> £'000	<b>School 2004</b> £'000
<b>Amounts falling due within one year:</b>				
Trade Debtors	3,237	2,610	5,402	5,059
Research Balances	2,039	2,039	2,006	2,006
Amounts due from Subsidiary Undertakings	–	2,294	–	1,905
Staff Loans for Housing	16	16	18	18
Other Debtors	4,251	4,148	3,900	3,769
Prepayments and Accrued Income	640	506	1,198	1,116
	10,183	11,613	12,524	13,873
<b>Amounts falling due after more than one year:</b>				
Trade Debtors	179	179	176	176
Staff Loans for Housing	37	37	64	64
	216	216	240	240
Total	10,399	11,829	12,764	14,113

**16 CASH AT BANK AND IN HAND**

	<b>Group 2005</b> £'000	<b>School 2005</b> £'000	<b>Group 2004</b> £'000	<b>School 2004</b> £'000
Fixed Term Deposits	–	–	13,000	13,000

17 CREDITORS					
	Group 2005 £'000	School 2005 £'000	Group 2004 £'000	School 2004 £'000	
<b>Amounts falling due within one year:</b>					
Bank Loans	2,226	2,226	4,550	4,550	
Obligations under Finance Lease	14,031	14,031	75	75	
Trade Creditors	3,754	3,750	3,728	3,722	
Research Balances	4,208	4,208	4,246	4,246	
Short Courses	12	12	15	15	
Amounts due to Subsidiary Undertakings	–	1,347	–	936	
Taxation and Social Security	2,278	2,292	2,817	2,808	
Other Creditors	1,246	1,220	1,206	1,184	
TRIUM MBA Joint Arrangement	–	–	384	384	
Accrual for Building Works	1,180	1,180	1,538	1,538	
Accruals and Deferred Income	8,170	7,414	9,553	8,888	
	37,105	37,680	28,112	28,346	
<b>Amounts falling due after one year:</b>					
Bank Loans	50,074	50,074	42,300	42,300	
Obligations under Finance Lease	–	–	14,346	14,346	
	50,074	50,074	56,646	56,646	

18 BORROWINGS					
	Group 2005 £'000	School 2005 £'000	Group 2004 £'000	School 2004 £'000	
<b>Bank loans and mortgages are repayable as follows:</b>					
In one year or less	2,226	2,226	4,550	4,550	
Between one and two years	2,226	2,226	1,800	1,800	
Between two and five years	6,678	6,678	5,400	5,400	
In five years or more	41,170	41,170	35,100	35,100	
	52,300	52,300	46,850	46,850	
<b>Finance Leases</b>					
The net finance lease obligations to which the School is committed are:					
In one year or less	14,031	14,031	75	75	
Between one and five years	–	–	854	854	
Over five years	–	–	13,492	13,492	
	14,031	14,031	14,421	14,421	

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

The School has arranged a £75,000,000 loan facility expiring in December 2028 and has drawn down £45,000,000. The balance at the end of the year was £42,300,000 (2004: £44,100,000) and is secured on one Student Residence and two School properties. The School has entered into a concurrent 25 year fixed rate swap with a notional principal of £45,000,000 to hedge interest rate exposure on this loan. The School has entered into a further £20,000,000 fixed rate swap to hedge interest rate expenditure on anticipated draw down to finance purchase and development of the new academic building at 24 Kingsway. A sum of £10,000,000 has been drawn down during the year. The effective fixed rate costs of the loans and swaps taken together is between 5% and 5.5%.

A Finance Lease of £14,031,000 (2004: £14,421,000) is subject to a notional interest rate (7.058%) assumed in the lease cash flows and is secured on a Student Residence. Shortly after the year end the School exercised an option to repay the capital sum.



19 DEFERRED CAPITAL GRANTS – Group and School					
	NOTES	FUNDING COUNCIL £'000	OTHER GRANTS AND DONATIONS £'000	TOTAL £'000	
As at 1 August 2004		22,156	26,354	48,510	
Cash Received		10,021	434	10,455	
Transferred from Endowments	20	–	542	542	
Released to Income and Expenditure Account – School	1 & 4	(383)	(351)	(734)	
Released to Income and Expenditure Account – Halls		(19)	(85)	(104)	
As at 31 July 2005		31,775	26,894	58,669	

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

20 ENDOWMENTS – Group and School					
	NOTES	SPECIFIC £'000	GENERAL £'000	TOTAL £'000	
At 1 August 2004		32,702	6,338	39,040	
Additions	5	4,433	19	4,452	
Appreciation of Endowment Asset Investments		3,430	425	3,855	
Investment Income	5	1,618	172	1,790	
Depreciation of Freehold Property		–	(49)	(49)	
Transferred to Income and Expenditure Account	5	(3,936)	(118)	(4,054)	
Transferred to Deferred Capital Grants	19	(200)	(342)	(542)	
At 31 July 2005		38,047	6,445	44,492	

21 REVALUATION RESERVE					
		Group 2005 £'000	School 2005 £'000	Group 2004 £'000	School 2004 £'000
As at 1 August		–	–	–	–
Revaluation of Fixed Asset Investments		942	942	–	–
As at 31 July		942	942	–	–

22 MOVEMENTS ON GENERAL RESERVE					
		Group 2005 £'000	School 2005 £'000	Group 2004 £'000	School 2004 £'000
As at 1 August		58,111	57,542	49,742	49,186
Surplus for the Year		10,124	10,195	8,369	8,356
As at 31 July		68,235	67,737	58,111	57,542



**23 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2005</b>		<b>2004</b>	
	£'000	£'000	£'000	£'000
Surplus of Income over Expenditure for the Year on Total Activity Before Tax		10,148		8,773
<b>Adjustment for Depreciation and Deferred Capital Grants</b>				
Depreciation	3,247		3,261	
Deferred Capital Grants Released	(838)		(781)	
		2,409		2,480
<b>Adjustment for Investment and Financing Cash Flows</b>				
Investment Income Receivable	(867)		(1,226)	
Profit on Disposal/Revaluation of Investments	(97)		(309)	
Interest Payable	2,850		3,327	
		1,886		1,792
<b>Adjustment for Restricted Fund Cash Flows</b>				
Transfer to Income and Expenditure Account	(3,936)		(3,589)	
Additions to Funds	3,200		3,628	
		(736)		39
<b>Adjustment for Joint Venture Profit</b>		(60)		(122)
<b>Adjustments to Working Capital</b>				
(Increase)/Decrease in Stocks	(18)		15	
Decrease/(Increase) in Debtors	2,365		(760)	
Increase in Creditors	8,993		5,297	
Less relating to:				
Bank Loans/Mortgages/Finance Leases	(11,632)		(2,198)	
		(292)		2,354
<b>Net cash Inflow from Operating Activities</b>		13,355		15,316

**24 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>2005</b>	<b>2004</b>
	£'000	£'000
Income from Endowments	1,790	1,294
Other Investment Income	695	1,083
Interest Payable	(2,850)	(3,327)
	(365)	(950)

**25 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2005</b>	<b>2004</b>
	£'000	£'000
Payments to Acquire Tangible Fixed Assets	(36,113)	(3,267)
Payments to Acquire Intangible Fixed Assets	14	(14)
Payments to Acquire Investments	(15,783)	(1,183)
Receipts from Sales of Investments	14,461	128
Deferred Capital Grants/Donations Received	10,455	4,162
Permanent Endowments Received	1,233	867
	(25,733)	693

**26 MANAGEMENT OF LIQUID RESOURCES**

	2005 £'000	2004 £'000
Cash Withdrawn/(Added) to Fixed Term Deposits	17,000	(13,000)

**27 FINANCING**

	2005 £'000	2004 £'000
Bank Loan Repayments	(4,940)	(49,304)
New Loans and Mortgages	10,000	45,000
	5,060	(4,304)

**28 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 August 2004 £'000	Cash Flows £'000	Other Changes £'000	At 31 July 2005 £'000
Cash at Bank and in Hand	8,474	4,993	–	13,467
Endowment Cash	8,228	324	–	8,552
Less: Fixed Term Deposits within Endowment Cash	(8,000)	4,000	–	(4,000)
	8,702	9,317	–	18,019
Fixed Term Deposits	21,000	(17,000)	–	4,000
Debt due within one year	(4,625)	4,940	(16,572)	(16,257)
Debt due after one year	(56,646)	(10,000)	16,572	(50,074)
	(31,569)	(12,743)	–	(44,312)

**29 PENSION COMMITMENTS****(i) USS**

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

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

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

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

A valuation was carried out as at 31 March 2005. The full results of this valuation will be published in 2006. USS have advised that both the employers' and the employees' contributions will remain at the current rates of 14% and 6.35% of salary. Surpluses or deficits which arise at future valuations may impact on the School's future contribution commitment.

The total pension cost for the School was £5,235,000 (2004: £4,804,000). The contribution rate payable by the School was 14% of pensionable salaries.

The scheme is open to the School's academic and academic-related support staff. As at 31 July there were 940 staff who were members of the scheme.

**29 PENSION COMMITMENTS** Continued**(ii) SAUL**

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

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

Valuation method	Projected unit	
	Past Service	Future Service
Investment return on liabilities		
– before retirement	6.0% p.a.	7.0% p.a.
– after retirement	5.0% p.a.	5.0% p.a.
Salary growth (excluding an allowance for promotional increases)	4.2% p.a.	4.2% p.a.
Pension increases	2.7% p.a.	2.7% p.a.

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

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

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

Surpluses or deficits which arise at future valuations may impact on the School's future contribution commitment. The next formal actuarial valuation was carried out as at 31 March 2005. This may result in a revision to contribution rates when the results are available.

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

The scheme is open to the School's secretarial/clerical/technical staff. As at 31 July there were 428 staff who were members of the scheme.

**(iii)** The pensions of ex-members of staff who retired under the previous superannuation scheme for academic and related staff (FSSU) are supplemented as of right under the National Scheme for Supplementation of Superannuation Benefits. This supplementation is payable during the lifetime of the ex-member of staff and is increased each year by comparison with increases in public service pensions authorised under the Pensions (Increase) Act 1971. The cost of these supplementary pensions is charged in the Income and Expenditure Account, but no provision is made for the commitment in respect of future years. The expense is approximately £0.1m per annum and the average age of beneficiaries is in excess of 80 years.

**30 CAPITAL COMMITMENTS**

	Group 2005 £'000	School 2005 £'000	Group 2004 £'000	School 2004 £'000
24 Kingsway	43,903	43,903	18,000	18,000
Mobil Court, Tower 1 and 2 Refurbishment	6,414	6,414	–	–
Mobil Court, Tower 3	–	–	12,500	12,500
	50,317	50,317	30,500	30,500

**31 OPERATING LEASES**

	Group 2005 £'000	School 2005 £'000	Group 2004 £'000	School 2004 £'000
At 31 July the School had annual commitments under non-cancellable operating leases as follows:				
<b>Land and buildings</b>				
Expiring within one year	–	–	–	–
Expiring between two and five years	–	–	–	–
Expiring in over five years	3,287	3,287	1,893	1,893
	3,287	3,287	1,893	1,893

**32 RELATED PARTY TRANSACTIONS**

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

**33 CONTINGENT LIABILITIES**

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

**34 ACCESS FUNDS – Consolidated and School**

	2005 £'000	2004 £'000
Balance Unspent as at 1 August	27	14
Funding Council Grants	130	167
Interest Earned	2	2
Disbursed to Students	(121)	(156)
Balance Unspent as at 31 July	38	27

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

In addition to the above the School has spent £6,419,000 during the year on Student Support using general funds and trust funds to support hardship grants and merit awards.

**35 FUNDING OF TANGIBLE FIXED ASSETS**

	At 1 August 2004 £'000	Additions funded by Loans and General Reserves £'000	Additions funded by Deferred Capital Grants £'000	Depreciation £'000	At 31 July 2005 £'000
Land and Buildings	147,004	24,707	10,747	(2,545)	179,913
Equipment	2,791	409	250	(618)	2,832
	149,795	25,116	10,997	(3,163)	182,745
<b>Funded by:</b>					
Deferred Capital Grants	48,510				58,669
Bank Loans	61,271				66,331
General Reserves	40,014				57,745
	149,795				182,745

**36 POST BALANCE SHEET EVENTS**

Finance Leases of £14,031,000 secured on a Student Residence were repaid in August 2005.

The School has entered into an Operating Lease for a Student Residence in Drury Lane effective from 28 September 2005.





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

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

The principal statutory bodies of the School are as follows:

### **The Court of Governors**

(which constitutes the members of the company)

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

### **The Council**

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

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

Council is supported in carrying out its role by a Finance and General Purposes Committee, a Remuneration Committee, an Estates Strategy Committee, a Human Resources Strategy Committee, a Risk Committee, an External Relations

Committee, a Library and Information Services Committee, a Health and Safety Committee, an Alumni Relations Committee and an Audit Committee.

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

### **Internal Control**

1. As the governing body of the School, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible under the terms of the Articles and the Financial Memorandum with the HEFCE.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2005 and up to the date of approval of the financial statements and is in accordance with HEFCE guidance.
4. As the governing body, the Council has the responsibility for reviewing the effectiveness of the system of internal control, and the following processes have been established in order to carry through that responsibility.
  - 4.1 Council meets three times each term. Part of its remit is to review key elements of the strategic direction of the School. These reviews include consideration of risk and control factors in relation to the School's strategic objectives, continuing operations and proposed new developments. The planning process has been strengthened during the year under review by the adoption of specific measures of achievement and supporting performance indicators for each of the key strategic objectives.
  - 4.2 The governance arrangements proposed in the guide issued by the Committee of University Chairmen in 2004 have been reviewed in detail and Council confirms that it is undertaking measures to comply with the recommendations of the guide in all material respects by July 2006.

- 4.3** Council takes a close role in the monitoring and management of risk through its Risk Committee which reports directly to Council and is concerned primarily with strategic risks, but also with the overall arrangements for the management of operational risks and the further embedding of a risk-aware culture in the School. The detailed work in relation to operational risk and embedding procedures is undertaken by a Risk Management Group, which reports to the Risk Committee.
- 4.4** The Finance and General Purposes Committee also plays a significant role in relation to risk by advising Council on financial risks to the Strategic Plan, including the financial implications of non-financial risks.
- 4.5** During the past year, the School's Risk Policy has been reviewed and updated by the Risk Committee and subsequently approved by Council. The Risk Register has also been reassessed by the Risk Committee, taking account of the views of Departments, the Director's Management Team and other senior officers. The Register is now being focussed particularly on the major risks which threaten the achievement of strategic objectives.
- 4.6** The identification of new and emerging strategic and operational risks arises primarily from regular meetings held by senior School Officers and heads of administrative divisions, which are then evaluated through the Risk Committee or Risk Management Group as appropriate. Where risk assessment by administrative officers has identified that urgent Council consideration is required, risks are addressed directly to Council, for example in relation to proposed major capital projects or third party collaborations.
- 4.7** The primary focus of the Risk Management Group over the past year has been the further embedding of risk management practices and training on the basis of advice from external consultants, detailed work on development of the Risk Register (e.g. in relation to the management of risks arising from joint ventures, partnerships, etc), and review of the School's progress against HEFCE good practice guidelines.
- 4.8** The Audit Committee receives regular reports on the work of the Risk Committee and the Risk Management Group. It is expected that in coming years joint meetings of the Audit and Risk Committees will be held as necessary to consider matters of common interest. The Head of Internal Audit also reports regularly to the Audit Committee on the adequacy and effectiveness of the constituent elements of the School's system of internal control, together with recommendations for improvements. Internal audit's work includes continuing review of the strategic and operational risks associated with the key systems and units examined.
- 5.** Council's view of the effectiveness of the system of internal control is informed by reports from the Audit Committee, which receives and analyses regular reports from internal audit on all major systems and departments. The internal audit unit, which operates to standards defined in the HEFCE Code of Practice on Accountability and Audit was last reviewed for effectiveness by the HEFCE Audit Service in June 2005. The Head of Internal Audit submits regular reports which include his independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.
- 6.** Council's view is also informed by the work of operational managers within the School who have responsibility for the development and maintenance of the internal control framework, including the identification of emerging risks, and by comments made by the external auditors in their management letters and other reports.

Election Night 2005





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

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

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

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

The Council has taken reasonable steps to:

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

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

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

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

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

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

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





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

We have audited the financial statements of the London School of Economics and Political Science for the year ended 31 July 2005, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes.

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

### **Respective Responsibilities of Members of the Court and Auditors**

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

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

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

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

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

### **Basis of Audit Opinion**

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

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

### **Opinion**

In our opinion:

- (i) The financial statements give a true and fair view of the state of affairs of the London School of Economics and Political Science and the group at 31 July 2005, and of the surplus of income over expenditure, recognised gains and losses and cashflows of the School and the group for the year then ended; and the statements have been properly prepared in accordance with the Companies Act and the Statement of Recommended Practice on Accounting in Higher Education Institutions.
- (ii) In all material respects, income from the Higher Education Funding Council for England and income for specific purposes and from other restricted funds administered by the School have been applied only for the purposes for which they were received.
- (iii) In all material respects, income has been applied in accordance with the School's statutes and where appropriate in accordance with the financial memorandum with the Higher Education Funding Council for England dated 1 October 2003.

### **RSM Robson Rhodes LLP**

Chartered Accountants and Registered Auditors  
Hemel Hempstead, England  
9 December 2005



## Officers Responsible for the School's Finances

### **Lord Grabiner of Aldwych QC**

Chairman  
Court of Governors



### **Bernard Asher**

Vice-Chairman  
(to 12 December 2004)  
Court of Governors



### **Sir Anthony Battishill**

Vice-Chairman  
Court of Governors



### **Presiley Baxendale QC**

Vice-Chairman  
(from 12 December 2004)  
Court of Governors



### **Sir Michael Lickiss**

Chairman (to 31 July 2005)  
Finance and General Purposes  
Committee



### **Brian Smith**

Chairman (from 1 August 2005)  
Finance and General Purposes  
Committee



### **Howard Davies**

Director



### **Professor Paul Johnson**

Deputy Director



### **Dr Ray Richardson**

Deputy Director  
(to 31 August 2005)



### **Professor Henrietta Moore**

Deputy Director  
(to 31 August 2005)



### **Professor Tim Murphy**

Deputy Director  
(from 1 September 2005)



### **Professor Sarah Worthington**

Deputy Director  
(from 1 September 2005)



### **Adrian Hall**

Secretary and Director  
of Administration



### **Andrew Farrell**

Director of Finance and Facilities



### **Michael Ferguson**

Director of the Finance Division



### **Nigel Stallard**

Assistant Finance Officer





**Members of the Council and Directors of the School**

Chairman: **Lord Grabiner of Aldwych QC**

Vice-Chairman: **Mr Bernard Asher**  
(resigned 12 December 2004)

Vice-Chairman: **Sir Anthony Battishill**

Vice-Chairman: **Ms Presiley Baxendale QC**  
(appointed as Vice Chairman 12 December 2004)

**Dr R Altmann**

**Professor N Barr**  
(resigned 31 July 2005)

**Professor C Brown**

**Howard Davies**

**Mr L Dighton**  
(resigned 31 July 2005)

**Mr Cyril Glasser CMG**  
(resigned 31 July 2005)

**Mr Richard Goeltz**

**Mr James Goudie QC**  
(appointed 9 December 2004)

**Mr Loyd Grossman**

**Professor P Johnson**  
(appointed 1 August 2004)

**Mr J Kenrick**  
(appointed 1 November 2004)

**Mr W Kolade**

**Dr D Lane**  
(appointed 5 October 2004)

**Ms A Lapping**

**Sir Michael Lickiss**  
(resigned 31 July 2005)

**Professor D Lieven**

**Mr W Macfarlane**  
(appointed 5 October 2004, resigned 31 July 2005)

**Professor Peter Miller**

**Mr A Mitchell**  
(appointed 5 October 2004)

**Dr Ray Richardson**  
(resigned 31 July 2005)

**Mr Brian Smith**  
(appointed 1 August 2005)

**Sir R M Worcester**  
(resigned 31 July 2005)

**Professor S Worthington**  
(appointed 5 October 2004)

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

**Professor J Hartley**

**Professor H Moore**  
(resigned 31 July 2005)

**Professor W T Murphy**

Company Secretary: **Mr A Hall**

Design: **LSE Design Unit** ([www.lse.ac.uk/designunit](http://www.lse.ac.uk/designunit))

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The School seeks to ensure that people are treated equitably, regardless of age, disability, race, nationality, ethnic or national origin, gender, religion, sexual orientation or personal circumstances. The information in this leaflet can be made available in alternative formats, on request. Please contact: Nigel Stallard, Email: [n.stallard@lse.ac.uk](mailto:n.stallard@lse.ac.uk)

