



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

ANNUAL ACCOUNTS

for the year ended 31 July 2013





Generous donations by alumni, charitable trusts and foundations, and corporate benefactors have continued to make a significant impact to the lives of students and staff at the School. This philanthropy has helped to fund new buildings such as the Saw Swee Hock Student Centre, as well as scholarships, chairs, fellowships and other academic initiatives.

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REPORT OF THE CHAIRMAN OF THE COURT OF GOVERNORS

In reflecting on the past year I am struck in particular by the pace of change. Our energetic new Director, Professor Craig Calhoun and his senior management team have been overseeing a major strategic review, due to report by Easter 2014, with many positive changes already effected.

During the year we welcomed 6,600 eager new students through our doors and had the pleasure of celebrating the achievements of our 5,750 graduates. I am always impressed by how dedicated, talented and entrepreneurial our students are, and by the range of interests and causes they promote. Whilst our students have a reputation for being as industrious as the beaver which forms the School's mascot, a review of the past year highlights sporting achievement, political engagement, philanthropy, and a thriving student arts scene. To my great surprise, I found myself invited to attend a black tie screening of a zombie movie! Described as "a satirical portrayal of a zombie apocalypse" it was filmed entirely on campus and created by a collaboration of LSE Students' Union creative societies. Perhaps we will be able to add to the number of BAFTA winners among our alumni in future years?

Financially, the School has had another successful year, achieving a surplus of £30.6 million. We have already identified many areas in which we would wish to make strategic investment over the coming years which will make large demands on the School's resources. These include, but are not limited to, large-scale capital developments and potential property acquisitions; further hiring rounds; costs associated with reform of the academic career structure; new pay and reward systems; and significant capacity-building in relation to fundraising and alumni relations.

We have been busy progressing our strategy to create a world class estate commensurate with the School's academic standing. The year saw the opening of the redeveloped building at 32 Lincoln's Inn Fields (formerly the Land Registry Building) and now home to the Department of Economics and related research centres. Construction of the Saw Swee Hock Students' Centre is now complete and it casts an imposing presence over Sheffield Street. The Shaw Library was refreshed and reopened in September 2013. As of November 2012, staff and students in Towers One and Two have benefited from a new combined reception. Additional features include three meeting rooms, meeting areas, a café and advertising and display facilities for Research Centres. New planter boxes with bio-diverse shrubs complement the exterior.

In October 2013, against strong commercial competition, we acquired Cancer Research UK's building at 44 Lincoln's Inn Field. This will be converted for LSE after Cancer Research move to their new site in 2016.

Preparations for the Research Excellence Framework have been underway for some time and were bolstered in the year by the Research Quality Investment Fund (RQIF) hiring initiative. RQIF was a global, open-subject, open rank search for academic talent. Over 20 new faculty members were recruited to the School. All have outstanding Research Excellence Framework entries and are recognised as first rate teachers and researchers. Their recruitment has sent an important signal to the wider scholarly community about the School's ambitions and global academic standing.

In December 2012, we were delighted to welcome the Women's Library to LSE. We remain committed to enhancing the profile and reputation of this exceptional collection, including by digitisation to make the collection more accessible to global audiences in the digital age. The Women's Library @ LSE will also further enrich teaching and research available at LSE, enhancing the University's already world-class events programme.

The School has continued to offer a vibrant programme of public events, most of which have been made available to download as podcasts. Members of the LSE community and the public at large have been able to engage with issues from "Bergson: A Machine for the Making of Gods" to Senator John McCain in conversation. From Literary Festivals to "Why Chinese communists make better capitalists than we do", we hope to have offered something for everyone.

Warmest congratulations are due to four of our leading academics whose expertise and service was recognised in the Queen's Birthday Honours. Former Director, Professor Judith Rees was made a Dame Commander of the British Empire for her services to higher education and Nobel Prize winner Professor Christopher Pissarides, Professor David Metcalf and Professor John Hills were knighted for their services to economics, UK migration policy and social policy respectively. I am delighted for them.

I would like to thank fellow members of the Court of Governors for the confidence they have shown in extending my term of office as Chairman for a further two years to December 2015. I am delighted to be able to continue to serve the School in this capacity.

Finally, I would like to thank my colleagues on the Council for their hard work and support. In particular, I would like to acknowledge the significant contribution made by the eight members of the Council who stood down as of 31 July 2013, namely Professor Martin Anthony, Ms Lis Astall, Mr Richard Goeltz, Professor Emily Jackson, Professor David Marsden, Professor Eileen Munro, Ms Alex Peters-Day and Professor David Stevenson.



Peter Sutherland KCMG
Chairman of the Court and Council



REPORT OF THE DIRECTOR OF THE SCHOOL

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It is wonderful to be able to report that the LSE is thriving and moving forward, that it remains intellectually exciting, that it is educating terrific students, and conducting path-breaking research. It is especially wonderful because I have been Director for just over a year and even if I can't take credit I can say I haven't broken it.

The past academic year has seen not just continuity but major new initiatives and a few events. One of the latter came when the BBC took several LSE students to North Korea under false pretences. The trip put both students and the School's reputation in danger. But other events were happier: three of our current or retired faculty were knighted, for example, and my predecessor elevated to be Dame Judith Rees. Other faculty and indeed students also won major prizes and recognition.

One of the most important new initiatives was our Research Quality Investment Fund which played a central role in adding more new faculty to the School than in any single year before. We conducted a global search for the best social scientists and added over 20 faculty members as well as a wide variety of less senior faculty members. These include some of the world's most distinguished scholars in fields from anthropology to statistics, geography to law. As well as top-level researchers, these are teachers who will broaden and deepen the education we can offer our students.

We introduced a new academic career structure, raising the base salary for each of our three major ranks, strengthening our performance review and promotion processes, and initiating an effort to ensure that we are globally competitive in the job market for

top academics, but also appropriate and fair in recognizing specific contributions to LSE and its students. To lead in the continuing effort to make sure we both have the most brilliant faculty possible and support faculty members' research and teaching as well as possible, we added the new position of Provost and Deputy Director to the School's senior staff team. LSE's first Provost is Professor Stuart Corbridge, formerly Pro-Director for Research and External Affairs.

To help the LSE clarify its mission and maintain its national and global leadership, we undertook a School-wide Strategic Review. Though the final report will only be issued in Spring 2014, this has already yielded a framework for understanding what we are doing and how we can work to improve, what challenges we face and how we can meet them. An interim report summarizes what has been learned, and LSE leaders have not hesitated to implement important decisions where our choices were clear. We have decided to grow gradually, for example, and have added several hundred students to our full-time total over the last two years, especially but not only undergraduates. We are creating more places for UK students and making a special effort to widen the range of our recruitment in the UK.

We are not just adding numbers, we are innovating in courses with new degree programmes – including especially interdisciplinary offerings such as Philosophy, Politics, and Economics. We are innovating in research with exciting new projects including the Centre for Macroeconomics, the Systemic Risk Centre, and the What Works Centre for Local Economic Growth, all funded by major ESRC grants. The International Growth Centre received the largest grant ever made to the School, DfID support for research that both breaks new ground academically and supports practical policy action. Our new Institute for Public Affairs is leading innovation in public engagement, with projects like crowd-sourcing the UK constitution!

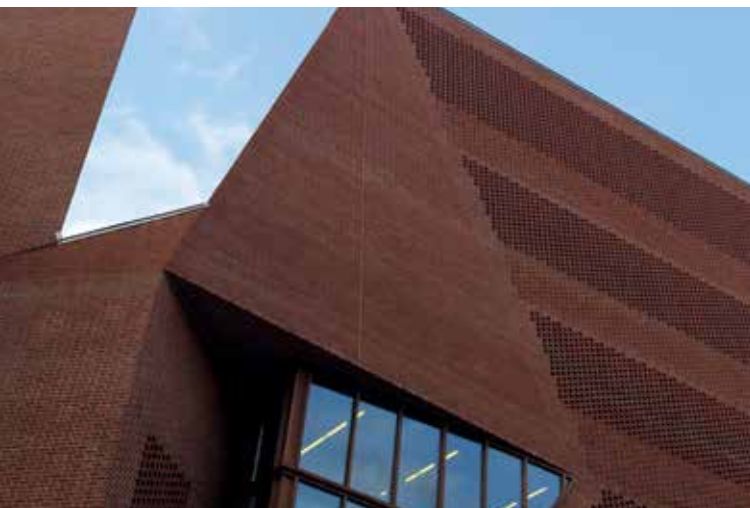
Not least of all, the LSE is changing physically. This past year we celebrated bringing all our major economics programs together in one superb building, the former Land Registry at 32 Lincoln's Inn Fields, now brilliantly remodelled. We will shortly begin holding the first activities in the beautiful Saw Swee Hock Student Centre, which will have its formal inauguration in Lent Term. We have received proposals from world-famous architects to design the Global Centre for Social Science that will replace our crumbling Centre Buildings. And we have recently acquired another building at 44 Lincoln's Inn Fields, providing for long-term needs. All of this brings not simply more space but a more beautiful campus, enhancing our educational offering and supporting our global leadership.

Improvement requires resources and we are grateful to all who have contributed. We are conscious that fees are a burden for some students and their families and we celebrate donations to our scholarship funds that make it possible for many students to benefit from an LSE education. We also remind ourselves, finally, that all of us working at the LSE have an obligation to manage our budget carefully and to use the opportunities it provides to best advantage for the School, its students, and the world.



Professor Craig Calhoun
Director

Of course none of this investment in buildings or initiatives such as the Research Quality Investment Fund would have been possible without the record of financial surpluses which the School has achieved in recent years. As in the past, it will continue to be in the future, critical to the School's development that we are able to generate significant and substantial financial surpluses for reinvestment and that is what we plan to do.



REPORT OF THE DIRECTORS

Business review and principal activities

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

Financial overview

	2012-13 £m	2011-12 £m	Change	
			£m	%
Funding Council grants	26.6	28.0	-1.4	-5.0%
Tuition fees	139.8	126.7	+13.1	+10.3%
Research grants	23.7	22.7	+1.0	+4.4%
Other income	65.4	60.3	+5.1	+8.5%
Endowment and investment income	7.7	6.0	+1.7	+28.3%
Total income	263.2	243.7	+19.5	+8.0%
Staff costs	130.9	125.8	+5.1	+4.1%
Other operating expenses	91.7	84.7	+7.0	+8.3%
	222.6	210.5	+12.1	+5.7%
Operating surplus before interest costs and depreciation	40.6	33.2	+7.4	+22.3%
Depreciation	6.8	5.4	+1.4	+25.9%
Interest payable	3.2	3.1	+0.1	+3.2%
Balance of income for reinvestment	30.6	24.7	+5.9	+23.9%
As a percentage of income	11.6%	10.1%		+1.5%

For the financial year ending 31 July 2013 the School achieved a surplus of income over expenditure of £30.6m, equivalent to 11.6 per cent of

turnover which compares favourably with £24.7m for 2011-12 (10.1 per cent of turnover).

The School sets a budget based on assumptions concerning income and expenditure that is designed to ensure a sustainable long term surplus of income over expenditure in the range of three to five per cent of turnover. This target recognises that a surplus is essential to fund loan repayments, to support capital and infrastructure investment and to provide the School with the flexibility to invest in new academic initiatives. A combination of strong student recruitment, a significant and sustained contribution from ancillary activities and strong financial management have delivered consistent surpluses in recent years and 2012-13 is no exception. Over the past five years the School has achieved an average annual surplus of 9.6 per cent, generating £110.5m.

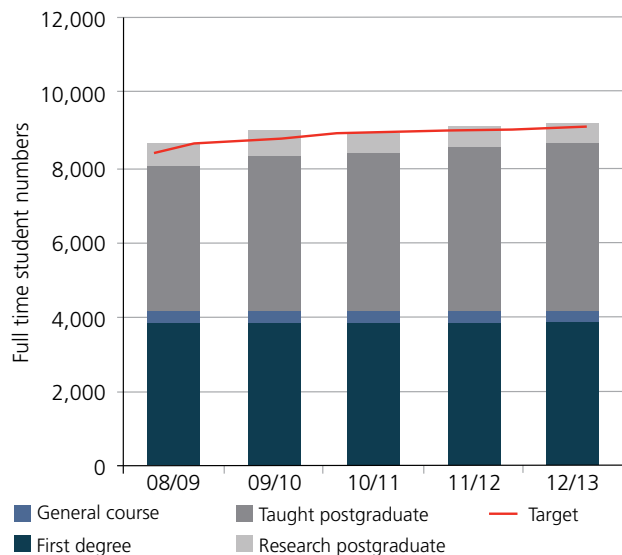
This robust financial base has supported many academic initiatives during 2012-13 such as Research Quality Investment Fund (RQIF) recruitment and the introduction of a new academic career structure and a scheme to increase the proportion of externally funded research. It has also permitted enhancement of the School's infrastructure through the acquisition of The Women's Library Archive, the opening of 32 Lincoln's Inn Fields and in October 2013, the purchase of 44 Lincoln's Inn Fields.

Income

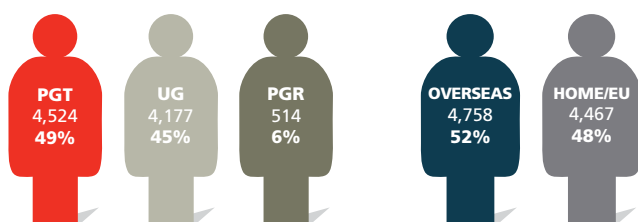
Gross income grew by 8.0 per cent (2011-12, 4.3 per cent). Tuition fee income increased by 10.3 per cent and represented 53.1 per cent of income compared to 50.0 per cent in 2011-12. The withdrawal of public funding for home and EU undergraduates between 2012 and 2014 and increased home/EU undergraduate fees will accelerate this trend. The School remains unique amongst the Russell Group of research intensive universities in setting its fee below the maximum permitted level and will continue to charge £8,500 fees for home/EU undergraduates in 2013-14. For those recruited from 2014-15 we will charge £9,000, though after allowing for the impact of cost inflation and increased bursaries this will do no more than maintain the value



Full time student numbers



Full time students in 2012-13



of this revenue element in real terms. Bursaries ranging from £500 to £3,500 and averaging £2,735 are offered to Home/EU students, continuing the School's intent to recruit the most able students irrespective of individual financial circumstances. In total, bursaries and other awards to support students at the School increased by 24.5 per cent to £13.2m.

Funding Council grants

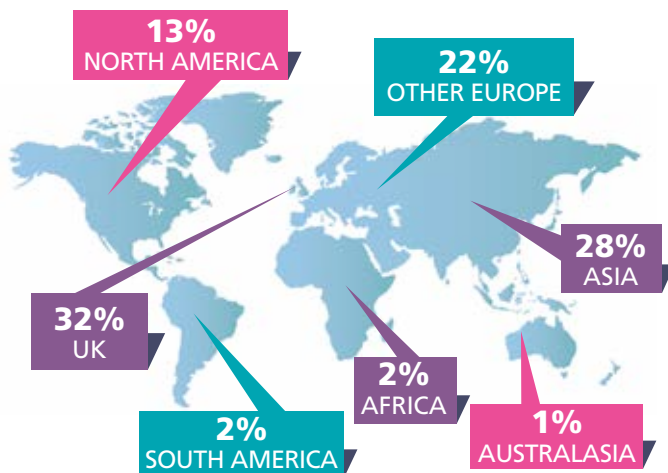
At 10.1 per cent of total income the School's proportion of HEFCE (Higher Education Funding Council of England) grant funding is already low compared with most UK higher education institutions and, with the move in funding from grant to tuition fees and cuts in capital grants, we expect it to fall further. The year on year fall of 5.0 per cent belies a 40.3 per cent fall in teaching grant following the introduction of higher fees for Home/EU undergraduates as it is offset by increases in non-recurrent grant funding, particularly from the Higher Education Innovation Fund (HEIF) of £1.1m.

Students

The School had 9,218 full time students (excluding LSE students studying abroad, exchange and exchange students at LSE) in 2012-13 compared with 9,108 in 2011-12. Current plans are to return to a gradual growth in the size of the School over the next few years. The Strategic Review, which the Director, Professor Craig Calhoun initiated during his first year, is looking closely at the future size and composition of our student population. We are fortunate to be doing this against a background of strong demand for our courses. Most recently, for the 2013 entry we had 13.8 applicants per place at undergraduate level and 4.6 applicants per place at the taught postgraduate level.



Full time student by continent in 2012/13



Research income

Research income has increased by 4.4 per cent to £23.7 million. Most of the growth in income was matched by an increase in related expenditure, and the £5.7m contribution towards overhead costs remains at last year's level reflecting increasing pressure on overhead recovery rates. We are also seeing a continuing shift in funding away from UK Research Councils, which have fallen for the third year, to other funders such as the European Union which contribute less to overhead costs compared to the Research Councils.

The School's preparations for the Research Excellence Framework (REF 2014) are nearing completion. The School has invested strategically in this area. Our REF Strategy Committee is working closely with Heads of Department to finalise the submission of staff, research outputs and narratives at the end of November 2013. Colleagues are also

submitting around 65 impact case studies for the REF, to demonstrate how LSE's excellent research has resulted in changes and benefits to the economy, society, culture, public policy, health, the environment and quality of life beyond academia.

The School's strategy remains to compete successfully for high quality peer reviewed research. Where it is possible and appropriate to our academic aims, we also participate in commercial non-peer reviewed research, though undertaking research of low academic benefit purely for income generation is not a strategic aim. During 2012-13 the School launched a Research Incentive Scheme to support the delivery of this strategy by giving our faculty time and resources to support the process of grant winning.

Other income

The School derives significant value from its academic reputation and resources, via a number of additional activities. These activities are now well established and make a valuable contribution to the financial health of the School. They form a key component of our financial plans and are increasingly seen as an extension to our core activities. Together these activities generated a surplus of £13.0m in 2012/13 (before one off adjustments).

Summer Schools

The LSE Summer School celebrated its 25th anniversary in 2013. The LSE Summer School is the largest university summer school in the UK, with just under 6,000 students attending in 2013 from over 100 countries and every continent. The LSE Summer School means that the campus remains intensively used for a six week period during the summer, with strong demand for rooms in School residences and use of catering facilities. The School has developed summer schools with partner institutions in Cape Town and Beijing.





Student support

Another alumnus with a long-standing philanthropic association with the School is Bill Bottriell, who passed the £1 million mark of cumulative giving in December 2012. The Bottriell Scholarship has been instrumental in providing opportunities for underprivileged UK students to come to LSE and, since its foundation in 2002, has supported 20 undergraduate students through their studies. The Bottriell Scholars come from a variety of backgrounds and have studied a wide range of subjects, including law, social policy, geography, government and accounting. Bill graduated in 1978, with a BSc in Economics and is a member of LSE's Court of Governors.

His generosity has been formally recognised with a listing on the School's Benefactors' Board. The Benefactors' Board is a physical and permanent recognition of the esteem in which LSE holds those benefactors who have provided transformational and leadership gifts to the School.

Another new addition to the board in 2013 will be alumnus Richard Goeltz. A 1963 graduate of the General Course, he has previously provided philanthropic support for scholarships and towards the New Academic Building, and recently donated more than £400,000 to reconstitute the Richard Karl Goeltz and the Adeline and Karl Goeltz Scholarships for PhD students in the Departments of Economics, Finance and Accounting.

The School continues to receive scholarship support from corporate benefactors, with several major institutions renewing their commitment to the School in the 2012/13 financial year. They include the Deutsche Bank, who pledged £728,000 to provide a further 21 Lord Dahrendorf Scholarships for MSc students in the Department of Finance from developing countries over three academic years. Santander gave £135,000 to enable the continuance of the Santander Scholarships for MSc students, as part of a wider package of support totalling £240,000 which also provides Travel Awards for research students and staff, and support for entrepreneurship activities run by LSE Careers. In addition, PricewaterhouseCoopers donated £76,500 to enable a further three Lord Benson Awards for UK undergraduate students.

International Programme

Under a collaboration agreement, the School participates in the University of London International Programme, which sees our academic material taught under the University of London badge to some 24,000 students around the globe annually. This study leads to the award of a University of London degree via distance learning. The School plays an active role in the direction and quality assurance processes of the programmes in which it is involved.

TRIUM

The School continues its partnership with NYU Stern and HEC Paris in the development and growth of the TRIUM MBA programme which is consistently highly ranked globally. Following the appointment of the first Executive Director of the TRIUM programme based at LSE, the School has agreed to take over responsibility from NYU Stern for much of the management and administration of the programme. This move will create synergies with the School's own executive masters programmes.

LSE Enterprise Limited

The School is keen to apply the social science expertise of LSE academics in researching and resolving issues across a very wide range of policy, social and business areas, and where appropriate to do this on a commercial basis. These activities are conducted through LSE Enterprise Ltd, a wholly owned subsidiary company of the School established some twenty years ago and its revenues are reported under Other Income. During the year LSE Enterprise Ltd managed more than 160 consulting projects ranging from highly focused research and advisory assignments to complex interdisciplinary research programmes applying academic methodologies to major policy and commercial questions. LSE Enterprise Ltd has also been increasingly successful in bidding for and leading complex projects to advise on the development or outcomes of European Union policies. These activities connect the School's academics to business, government and the third sector, creating opportunities for their research to deliver insight and impact.

Halls of residence and catering services

With over 4,000 bed spaces in 12 halls of residence and University of London halls the School is able to offer a guaranteed place to all first year undergraduate students and, unlike the many commercial providers of accommodation in London, we are able to offer 31 week contracts to undergraduate students making our residences more affordable for them. During vacation periods, we operate many of the halls on a commercial basis through a wholly owned trading subsidiary LSE Lets Ltd, providing hotel accommodation for a wide range of customers. In 2012-13 this trading activity generated £7.1m of revenue, an increase of £1.0m on the previous year which is in large measure attributable to improved marketing of the summer vacation period. The surplus from residences' commercial activities is used to support student rents.

A new catering outlet, 'The Bean Counter', based in the School's newest academic building, 32 Lincoln's Inn Fields, was opened during the year bringing the total number of catering facilities on campus to 10. As the Saw Swee Hock Student Centre will include 3 new catering outlets, Catering Services and the Students' Union are working closely together to enhance and complement the campus food offering.

The International Growth Centre

Other Income includes £4.8m income from the International Growth Centre (IGC). In February 2013 LSE and DfID signed the second phase contract for the IGC. This ground-breaking initiative promotes sustainable growth in developing countries by providing demand-led policy advice based on frontier research. Based at LSE, it has 14 active country programmes in 13 countries (Bangladesh, Ethiopia, Ghana, India (Bihar state and Central), Liberia, Mozambique, Pakistan, Rwanda, Sierra Leone, South Sudan, Uganda, Tanzania and Zambia) as well as 10 research programmes spanning topics such as trade, agriculture, macroeconomics and human capital. The second contract totals £50m over a three year period to March 2016 and supports a combination of commissioned research projects, in-country research and policy work and an operations hub supporting and coordinating the work.

Endowment and investment income

In 2012-13 Endowment and investment income consisted of three elements, investment income and capital gains generated by endowments, the School's general reserve investment and interest earned on the cash deposits.

Surplus cash is held in term deposits with a range of banks regulated by the FCA or EEA which have credit ratings of AA- or better. Deposit terms range from one to 12 months and the maximum deposit at any one bank or bank group is normally £20m. Rates of interest receivable on cash deposits have remained at low levels throughout the year, below prevailing rates of inflation so returns have been modest.

On the other hand investment returns have been good with the School's main investment pool returning 17.4 per cent during 2012-13.

Expenditure

Total expenditure grew by 6.2 per cent (2011-12, 2.0 per cent) with pay costs increasing by 4.0 per cent and other operating expenses by 8.3 per cent.

	2012-13 £m	2011-12 £m	Change	
			£m	%
Staff costs	130.9	125.8	5.1	4.0%
Other operating expenses	91.7	84.7	7.0	8.3%
Depreciation	6.8	5.4	1.4	25.9%
Interest payable	3.2	3.1	0.1	3.2%
Total expenditure	232.6	219.0	13.6	6.2%

The increase in pay costs includes 2.7 per cent associated with a net increase in staff numbers, 1.0 per cent attributable to the pay award in August 2012, 1.7 per cent related to promotions, increments and other one-off payments. There was a 1.1 per cent year to year reduction as there were significant one off costs in 2011-12 associated with a voluntary leavers scheme that operated that year.

During the year four initiatives associated with staff recruitment, retention and reward were developed.

- The Research Quality Investment Fund (RQIF), a global search to recruit over 20 world class academics.

- A new academic career structure, that will replace the current four tier lecturer, senior lecturer, reader and professor structure with assistant, associate and full professor nomenclature. In addition to changes in academic titles the new structure introduces higher starting salaries for each level and a revamped process of interim and major review.
- A scheme to increase the proportion of research funded from external sources by ensuring that the principal investigator funding and a proportion of the contribution to indirect costs is made available to the academic who secured the grant.
- The processes associated with the recognition and reward for exceptional performance amongst non-academic staff were revised and devolved.

Other operating expenditure

Other Operating Expenditure increased by 8.3 per cent (2011-12, 0.0 per cent) while the School's interest payable costs remained stable as interest rates did not change between the two years. The completion and opening of our new academic building at 32 Lincoln's Inn Fields accounts for £0.9m of the increase in the depreciation charge.

Other Operating Expenditure reflects the increase in scholarships, bursaries and general educational expenditure (£2.2m), increased investment in IT and Library services (£1.1m), additional estates costs particularly following the commissioning of 32 Lincoln's Inn Fields (£1.1m) and the costs associated with increased business in our halls of residence (£2.5m).

Balance sheet and liquidity

During 2012-13 the School's net assets grew by 10.3 per cent (2011-12, 12.6 per cent), an increase of £40.3m, boosted by the net increase in the value of endowments of £9.4m. The School's cash deposits grew to £89.4m during 2012-13 and general reserve

investments increased in value from £10.0m to £11.9m. In August 2013 the School exchanged contracts for the purchase of 44 Lincoln's Inn Fields for £80m. This acquisition and the School's other capital plans exceed projected cash balances so post year-end the School issued £125m of unsecured loan notes paying between 3.73 per cent and 4.15 per cent repayable between 2028 and 2053. The £57.9m secured loan facility with Barclays Bank of which £27.9m is currently drawn has been retained.

The Finance Committee continues to review the School's liquidity on a regular basis to ensure it is adequate to accommodate the School's medium term plans.

Endowments and fundraising

During 2012-13 the School received £8.0m (2011-12, £6.8m) in endowments from a combination of new donors and receipts from existing pledges.

The School's endowments are invested in investment pools or, where the money was given for use in the near-term, it is held in money market deposits. During 2012-13 two of the School's three investment pools were merged and now operate on a total return basis. The third pool, FER, which supports the Foundation for Economic Research continues to operate on an income basis.

The Investment Sub-Committee of our Finance Committee oversees the asset allocation and investment strategy of these pools. The School is fortunate to be able to draw on the advice and expertise of a number of very experienced investment professionals who, along with academics and a Students' Union representative comprise the committee. The committee is supported and advised by an external investment consultancy.

In 2012-13 the overall investment return after fees was 17.4 per cent for Pool A assets, 8.0 per cent on the FER pool and 0.7 per cent on endowments held in cash. This produced an overall return of 12.7 per cent (2011-12, 3.6 per cent).



Capital expenditure

	£m
32 Lincoln's Inn Fields refurbishment (total project cost £55m)	12.1
Saw Swee Hock Student Centre construction costs (total project cost £38m)	14.9
Towers – refurbishment	1.1
Library and the Women's Library	1.5
Other additions	1.3
Equipment	2.1
Total	33.0

There were two major capital development projects underway during 2012-13, a new academic facility at 32 Lincoln's Inn Fields was completed and the construction of the Saw Swee Hock Student Centre on the site of the St Phillips building continued. The refurbishment and enlargement of 32 Lincoln's Inn Fields, the former Land Registry building, for use as a core teaching, academic and research facility was completed and the department of Economics and a number of associated research centres are now ensconced. The redevelopment of the St Phillips site as a student facility, to be named in honour of Professor Saw Swee Hock is progressing well and a striking new building is has now emerged in this quarter of the Houghton Street campus. This £38m scheme is complete and provides purpose built facilities for the Students' Union, Careers, catering, venue space and other student focussed services.

In addition to the completion of the Saw Swee Hock student centre, 2013-14 will see two other significant capital development projects begin. In August 2013 the School contracted with Cancer Research UK to purchase its premises at 44 Lincoln's Inn Fields. The purchase was completed in October 2013 and the School expects to take possession of the building during 2016-17. In the meantime decisions will be taken about whether to refurbish or demolish and rebuild it. This is a truly transformational opportunity in the history of the School with far reaching implications for academic and scholarly development in the years to come.

The second project is the redevelopment of three major buildings in the centre of the Houghton Street campus, namely East Building, Clare Market and St Clements East. Subject to planning, it is anticipated that a 3-year build programme costing around £100m will commence in 2015, and an architectural competition under RIBA (Royal Institute of British Architects) guidelines has just been completed, with appointment pending.

Cash flow

There has been a net funds inflow in the year of £11.8m, leaving the School with a strong cash position of £89.4m at the year end. As the acquisition of 44 Lincoln's Inn Fields in October 2013, completion of the Saw Swee Hock student centre and the redevelopment of the centre buildings will consume these funds the School has raised monies through a private debt placement as described in note 31.

	2012-13 £m
School cash at 1 August	77.6
I & E surplus before transfer to endowment	30.6
Adjustments for non-cash movements included in surplus	+4.8
Adjustments for changes in working capital	+6.7
Increase in prepaid fees	+5.9
Capital grant receipts	+2.3
Capital expenditure	-33.0
Loan repayments	-1.8
Other	-3.7
Net School cash movement	+11.8
School cash at 31 July	89.4

Financial sustainability and going concern

The Council has reviewed the financial situation as at 31 July 2013, the financial forecasts for future years and demand for student places and is satisfied that the School is a going concern.

The Finance Committee has reviewed and reported to Council on the long term five-year forecasts and 10-year projections on a termly basis and the potential financial effects of variations in assumptions used to construct those forecasts. The Finance Committee has reviewed the level of surplus required to fund capital investment and other developments and is satisfied that retrospectively and prospectively the School is operating at the required level. The Audit Committee has reviewed and reported to Council on the management's assessment of strategic risks. The Director of the School has reported to each meeting of Council on major developments in higher education and issues facing the School. The Council has received reports on non-financial indicators which are of significance to longer term financial sustainability. On the basis of these assurances, Council is satisfied that the School is operating in a financially sustainable manner. This exercise has been repeated in significant detail during the summer of 2013 to support and inform Council's decision to acquire 44 Lincoln's Inn Fields as it was clear that the opportunity to acquire the site was likely to attract competing offers from developers seeking planning consent for a residential development.

Indicators of financial sustainability

At its away-day in September 2013, Council, the School's governing body reviewed a range of financial and non-financial indicators to assure itself about the sustainability of the institution. These "context statistics" included both financial indicators similar to those used by HEFCE in risk evaluation and a wide range of non-financial indicators, including research quality, student demand and student satisfaction data, league table positions, philanthropic donations, staff retention and estates quality measures.

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

The data clearly indicates that the School is in a strong position on many measures; however, the Council is also mindful that the School's

principal competition is increasingly from overseas. Although no direct comparators are available, it is clear that – in common with almost all UK higher education institutions – LSE is comparatively disadvantaged on both public funding and philanthropic endowment.

League table measures

		2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual
International comparisons	THE World University Rankings	67	86	47	39	32
	THE World Reputation Rankings		37	29	25	
	QS World Rankings		80	64	69	68
National comparisons	National Student Experience Poll	89	92	85	72	
	National Student Survey Q22	76%	80%	84%	85%	
	<i>Sunday Times</i> University Guide	9	5	4	6	
	<i>Times</i> Good University Guide	5	3	3		
	<i>Guardian</i> University Guide	8	4	3	3	
	Complete University Guide	5	4	2	3	

Research and teaching matters

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual
Year to year growth in research grant income	17.7%	0.9%	-5.7%	4.6%
Research grant and QR income per career track academic staff (full-time equivalents)	£89,030	£87,063	£86,879	£89,216
Average fee income per full time student	£10,213	£10,901	£11,792	£13,359

Financial measures

		2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2012-13 Forecast	2013-14 Forecast	2014-15 Forecast	2015-16 Forecast
Historical cost surplus as a % of total income	LSE	8.7	9.1	10.1	11.6		4.0	3.4	3.1
	Sector mean	3.6	5.7	4.9		3.8	2.6	3.4	4.3
	Upper quartile	6.7	8.9	7.8		5.6	4.7	5.5	5.8
Ratio of income to staff costs	LSE	1.87	1.93	1.94	2.01		2.05	2.02	2.00
	Sector mean	1.84	1.89	1.90		1.88	1.86	1.88	1.89
	Upper quartile	1.70	1.78	1.79		1.78	1.74	1.77	1.79
Net liquidity/(total expenditure – depreciation)/days	LSE	173.0	63.0	150.0	163.8		282.0	277.0	187.0
	Sector mean	98.0	109.0	118.0		118.0	93.0	84.0	82.0
	Upper quartile	128.0	155.0	157.0		148.0	124.0	121.0	122.0
External borrowing (on balance sheet) as a percentage of total income	LSE	15.1	13.5	12.2	10.6		51.2	48.4	45.6
	Sector mean	21.4	22.4	23.6		25.9	26.7	27.5	26.8
	Upper quartile	33.4	34.7	34.5		36.3	38.9	37.8	37.0
Discretionary reserves (excl. pension asset/(liability) as a % of total income	LSE	96.2	102.2	108.2	113.8		105.5	105.6	105.2
	Sector mean	46.1	51.2	56.0		58.8	59.7	61.4	64.1
	Upper quartile	59.7	66.4	74.2		77.6	79.3	82.7	84.3
Net cash flow as a % of total income	LSE	16.6	5.4	20.4	16.5		7.6	7.9	7.8
	Sector mean	8.3	9.2	8.1		6.4	6.1	7.8	8.7
	Upper quartile	12.1	13.8	11.6		11.0	10.5	11.7	12.4

Estate measures

		2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual
Income per square metre (income excluding Residences. Space: based on gross internal area)			£610/m ²	£527/m ²	£537/m ²
Academic estate (HEFCE EMS data category definition)	Category A		11%	13%	12%
	Category B		51%	47%	52%
	Category C		38%	40%	36%
Long term major maintenance spend as a percentage of insurance rebuild costs	Academic buildings	0.5%	0.5%	0.7%	0.4%
	Residences	1.0%	1.5%	2.0%	3.2%

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

More than most institutions the LSE operates in an international context and so many of our concerns are outward looking. We remain concerned that issues relating to the UK Border Agency and student visas and the reporting of statements made by politicians may deter some students from applying to study in the UK. Likewise we face employment visa issues and these add to the difficulties of recruiting and retaining staff from overseas. We are also becoming aware of increasingly aggressive overseas competition, especially in Australia, and the emergence of private providers as issues which we need to watch carefully in the coming years.

Secondly, in the months in the run up to the 2014 REF census date, competition for staff has been particularly acute. The School's approach has been bold and innovative with a major global and open recruitment campaign that has been successful in attracting over 80 new academics to the School since September 2012. The challenge now is to ensure that an effective reward policy is developed to retain both these newcomers and existing faculty while ensuring long-term affordability.

Thirdly, the School derives its income from four main sources: student fees, government grants, contracts for research and other work done for clients, and philanthropy. 2012-13 is the second year in which the School

receives no direct government funding for teaching the incoming cohort of undergraduates, next year will see undergraduate teaching no longer directly supported by government funding. At the same time the value of government funding for research continues to decline in real terms.

Fourth, while the School has been successful to some extent in philanthropic development in recent years, it does not enjoy the same level of endowment or income as US comparators, Oxford, Cambridge or some other UK universities. During 2012-13 the School has been reviewing its investment in development of philanthropic funding to support scholarships/bursaries, research, internationally competitive reward for academic staff and the continuing redevelopment of the estate.

Finally, while some steps have been taken by their trustees to improve the long-term sustainability of the pension schemes – USS and SAUL – that the School's employees participate in, Council remains concerned about the long run sustainability of defined benefit schemes in an era of sustained low investment returns.

Financial instruments

The School's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk. The School's principal financial instruments comprise investments, cash and bank



deposits, gilts and bank loans, together with trade debtors and trade creditors that arise directly from its operations. The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The School has a limit of £20m that can normally be placed with any one bank group. The School's current practice is to maintain the majority of borrowings at fixed rates to fix the amount of future interest payments. This is delivered through an interest rate swaps agreement associated with the School's Barclays loan facility (see note 16).

Progress and achievement environmental policy

This year has seen continual progress against the School's environmental policy with improvements in reducing waste, water and energy consumption. Not only has the School made good progress in these core areas, but it has also supported the growth of the "green" economy through trialling new green products. An innovative redesigned toilet offering water savings in the region of 84 per cent is now assisting the School to reduce its water consumption. Students have also played a vital role in developing projects that encourage staff and students to lead a greener lifestyle through the installation of cycle maintenance stations which include tools, pumps and instructions. All this good work was recognised with the School being placed 22nd in this year's Universities Green league – a rise of 20 places from its 2012 ranking of 42nd.

Public benefit

We have reviewed the activities of the School for the year 2012-13 with regard to obligations under section four of the Charities Act 2011 and the Charity Commission's guidance on public benefit. In this section, we set out some of the many ways in which the School delivers public benefit.

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

Our beneficiaries

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

Widening participation and raising aspiration

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

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

Visits to schools and colleges – The School works with schools and colleges in order to provide bespoke sessions to raise awareness of



higher education, to raise aspirations and motivate students. Popular topics include: thinking about and choosing your university; the UCAS application process; student finance and budgeting; student life; applying to and studying at LSE; and personal statement workshops.

Moving On – A collaborative effort by LSE staff and students aimed at easing pupils' transition to secondary school by showing that change happens throughout life and can be a positive experience. It includes activities to promote independence and resilience, includes a campus tour and culminates in a "graduation ceremony".

Student tutoring – LSE students work in schools, under the supervision of teachers, to help pupils with their academic work. Tutoring usually involves students spending two to three hours per week at a school or college for a 10 week period, working with pupils on a one-to-one or small group basis. The scheme benefits both the school children (in Years 6, 8, 10 and 12) and our undergraduate and postgraduate students who gain important work experience and take part in a valuable community programme.

Other examples of our outreach work with schools and colleges include:

- The LSE Mentoring Scheme which aims inter alia to help mentees to improve their performance in key stage assessments and at GCSE and A Level.
- Introduction to Social Sciences for those considering their GCSE choices.
- Promoting Potential Summer School – the Summer School provides opportunities for African-Caribbean boys from state secondary schools to learn about financial mathematics and the Stock Exchange.
- The Black Achievement Conference – highlighting some of the positive achievements in the black community and inspiring children to "aim high".
- Aiming for a College Education (ACE) and ACE High Days – preparing for university life.
- Summer Schools in Business and Finance, Law and Society, Mathematics and Psychology. School supporters deliver expert help beyond price.
- Pathways to Law (London), delivered in partnership with University College London, The College of Law and The Sutton Trust.
- The Politics Conference.
- The London Taster Course Programme.
- LSE Choice – tools for successful application to LSE and other Russell Group universities.
- Student shadowing.
- Open days.
- Public lectures.
- Advising the Advisors Conference (information and guidance for teachers).
- Routes into Languages.
- LSE.FOCUS – newsletter for schools and colleges; and

- Email a Student/Alum – first-hand advice from current students and graduates on what to expect at LSE and where an LSE education might lead.

Financial support

LSE is committed to ensuring that students from all social and economic backgrounds continue to apply to the School and that no-one is deterred from doing so because of financial considerations. Since the introduction of variable fees in 2006, around one third of LSE's additional fee income has been reinvested in widening participation and student bursaries. The School's new Access Agreement for 2013 builds on past success and commits half of our additional fee income to undergraduate bursaries, outreach and on-course support. As part of this agreement, LSE offers a generous package of bursaries and scholarships to undergraduate students, which do not have to be repaid. The main sources of support are as follows:

LSE Bursaries – these are available for all students who are in receipt of a full or partial maintenance grant.

LSE National Scholarship Awards – worth £6,000 over three years, NSAs are available for students in receipt of a full maintenance award and from the lowest income backgrounds.

A range of scholarships and awards, funded by external donors and foundations, is available for undergraduates each year.

On-course financial help – this is available in the form of the Access to Learning Fund and an expanded Student Support Fund.

Public Events

The School's location in central London and our close links with Westminster, Whitehall and the City help to maintain our reputation as the place where the world comes to debate. Everyone is welcome to attend LSE's public events, where some of the most influential figures in the social sciences can be heard. Notable speakers at the School in the past year included former UN secretary-general Kofi Annan; former governor of the Bank of England Mervyn King; Ben Bernanke of the US Federal Reserve; Harvard's Professor Lawrence Summers; and Nobel laureates Amartya Sen and Muhammad Yunus.

LSE's Public Events programmes includes lectures, debates, discussions and concerts. In order to maximise the opportunity for those outside of London and overseas to benefit from the programme, many were also made available online by video or podcast, with debate being sustained through social networking and syndication via sites such as Twitter, Facebook, RSS, Atom, iTunesU, Soundcloud, YouTube, etc. In 2012-13, there were over 30 million hits of the School's rich media offerings via video and audio podcasts. In the interests of accessibility, we also provide many public lectures in the form of written transcripts.

Arts

The School provides a range of art and entertainment programmes which are free of charge and open to all. These include exhibitions, music concerts, online photographic galleries, and our popular annual 'Space for Thought' Literary Festival which this year attracted speakers including Baroness Helena Kennedy, award-winning author Kate

Mosse, former London Mayor Ken Livingstone, and journalist and writer Polly Toynbee.

LSE has an “open” campus in the heart of London, generously furnished with an interesting range of sculptures and installations for all to enjoy. We want to do what we can to continue to make London a beautiful space for residents and visitors alike and, to that end, continue to do all we can to transform the “public realm”.

Volunteering

The School has a strong tradition of social awareness and engaging with the wider community. LSE supports such efforts through its dedicated Volunteer Centre. In 2012-13, the Centre saw a huge amount of interest from students who wanted to get involved in volunteering. LSE students completed a range of roles including mentoring, campaigning, fundraising, marketing and research. The School has been able to fund student-led projects, run a photography competition, invite over 30 charities on to campus for the annual Volunteering Fair and host an event to celebrate the commitment of LSE students to volunteering and fundraising. LSE and our students work with a range of charitable organisations with a broad reach – from action tutoring in inner-city London schools, to helping poor rural families in India, Nepal, Malawi and Zimbabwe. We are proud to be making a difference.

Library

The School hosts the largest social sciences library in Europe, and unusually amongst university libraries it is open to the public. 2012-13 saw the launch of The Women's Library @ LSE, a chronological presentation of more than 300 important items from LSE Library and The Women's Library @ LSE from the 16th Century to the present day. The facility enables anyone with an interest to journey through the personal, political and economic struggles that have symbolised women's battle for equality over the past 600 years, through a representative selection of the broad range of materials in the collection. In partnership with Arts Council England, the LSE have also been working toward the development of Women's Walks, a mobile phone app that will work by tracking the user's position as they walk through the streets of London, identifying images, documents and audio clips relevant to each location, and downloading them to the user's smartphone.

Research

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

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

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

The advancement of citizenship or community development: Cities, Spatial Economics Research Centre, Centre for the Analysis of Social Exclusion.

The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and

diversity: Centre for Human Rights, Diplomacy and Strategy (IDEAS), International Relations; Government; Gender Institute, the Crisis States Research Network; and the Middle East Research Centre.

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

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

Research that has hit the headlines in the past year includes: the publication by the LSE Growth Commission and Institute for Government of the Manifesto for Growth (“Investing in Prosperity: skills, infrastructure and innovation”); a major collaborative research programme on gender equality in India involving LSE's India Observatory; research into the social care crisis for disabled people by the LSE Personal Social Services Research Unit; publication of the EU Kids Online report led by Professor Sonia Livingstone of the LSE Department of Media and Communications into excessive internet use among children; the launch of a new model of the British class system; and a report by the London Finance Commission, chaired by Professor Tony Travers (LSE London) which called for greater financial freedoms for the capital and autonomy to invest in London's infrastructure as the city's population and economy grow.

In a significant development, the LSE were delighted to negotiate with the UK Department for International Development a £50m additional investment in the International Growth Centre (IGC). The objective of the IGC is to support sustained economic growth in developing countries as a means of supporting progress toward the Millennium



Development Goals. It achieves this through providing independent and demand-led growth policy advice directly to governments based on rigorous analysis and frontier research. The additional investment will enable the School to expand its work in 13 countries.

Thank you

We would like to thank the many generous donors and sponsors, without whom LSE's public benefit activities would not be sustainable at their current scale.

The School is indebted to the enthusiasm and engagement of members of the LSE Council, who receive no remuneration for their services as charity trustees.

Employment

The School promotes equality of opportunity for staff from all social, cultural and economic backgrounds and ensures freedom from discrimination on the basis of disability, gender, race, age, religion or belief, and sexual orientation, or personal circumstances. Equality and diversity are integral to the School priorities and objectives. The School will support inter-faith and inter-cultural dialogue and understanding and engage all students in playing a full and active role in wider engagement with society.

The School's policy of employment with regard to disabled persons is to consider positively any 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.

Directors

The directors of the School are shown at page 49.

Auditors

The School's current auditors are PricewaterhouseCoopers LLP.

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 49, confirms the following:

- so far as the 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 Report of the Directors was approved by Council on 26 November 2013.



Professor Craig Calhoun
Director



The School is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 2010. Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

The following accounting policies have been applied consistently across the financial statements set out on pages 20 to 39.

(a) Basis of accounting

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

(b) Format of the accounts

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

(c) Basis of consolidation

The consolidated financial statements consolidate the financial statements of the School and all its subsidiary undertakings for the financial year as set out in Note 10.

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

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

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

(d) Income and expenditure account

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

(e) Income recognition

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

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

Summer School income and teaching costs are apportioned between financial years on the basis of teaching days.

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

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

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

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

The School's share of surplus from the participation in the University of London International Programme is recognised on an accrual basis, up to 2011-12 it was accounted for on a cash received basis as there was no formal contract in place.

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

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

Funding Council Matched Funding is accounted for on a receivable basis. The income is included as part of the surplus or deficit for the year and transferred to balance sheet to create an endowment.

(f) Land and buildings

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

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

Freehold land, separately identified since 2005, is not depreciated. Freehold buildings are depreciated over the remainder of their useful economic lives which range between 5 and 75 years.

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

Building	75 years
Roof	25 years
Fixtures and fittings	20 years
Mechanical Services	15 years
Lifts	10 years

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

Capital projects which are still under construction are capitalised but not depreciated until available for use. An annual review for impairment of fixed assets is carried out by the Finance Committee to determine whether events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. No impairment has been charged to the 2012-13 accounts.

(g) Heritage Assets

Works of art and other valuable artefacts that generate future value through their cultural or scientific significance and meet the capitalisation threshold are capitalised and recognised in the balance sheets at cost of the acquisition, where such a cost for valuation is reasonably obtainable.

(h) Equipment

Equipment, including computers, software and furniture 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 3 and 10 years.

(i) Operating leases

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

(j) Stock

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

(k) Investments

Listed investments are stated at their market value on the balance sheet date. Unlisted investments, including investment in subsidiary companies, are stated at the lower of cost or valuation. Investments that are held to maturity are stated at the lower of cost or present value of estimated future cash flows. Investments held on behalf of



endowment funds are included in endowment assets in the balance sheets at market value.

(l) Joint venture entities and associates

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

The School consolidates its share of income and expenditure in a "joint arrangement that is not an entity" on a proportional basis in accordance with Financial Reporting Standard 9.

(m) Provisions

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

(n) Foreign currency

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

(o) Pensions

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

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

(p) Charitable donations

Unrestricted donations

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

Endowment funds

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

There are two main types:

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

Donations for tangible fixed assets

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

(q) Financial instruments

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

(r) Cash flows and liquid resources

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

Liquid resources comprise assets held as a readily disposable store of value including term deposits.

(s) Agency arrangement

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Company registration no 70527

	NOTES	Group 2012-13 £'000	Group 2011-12 £'000
INCOME			
Funding Council grants	1	26,605	27,962
Tuition fees and education contracts	2	139,848	126,746
Research grants and contracts	3	23,731	22,696
Other income	4	65,334	60,288
Endowment and investment income	5	7,695	6,043
Total income		263,213	243,735
EXPENDITURE			
Staff costs	6	130,849	125,768
Other operating expenses	7	91,698	84,682
Depreciation		6,829	5,484
Interest payable	8	3,195	3,092
Total expenditure		232,571	219,026
Surplus on continuing operations after depreciation of tangible fixed assets at cost and before exceptional items and tax		30,642	24,709
Surplus on continuing operations after depreciation of tangible fixed assets at cost and before tax		30,642	24,709
Taxation		–	–
Surplus on continuing operations after depreciation of tangible fixed assets at cost and before tax		30,642	24,709
Surplus for the year transferred to accumulated income in endowment funds		–	(500)
Surplus for the year retained within general reserve	20	30,642	24,209

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

As permitted by Section 408 of the Companies Act 2006, the income and expenditure account of the Company is not presented as part of these financial statements. Of the total surplus for the year of £30,642,000, a surplus of £30,542,000 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	Group 2012-13 £'000	Group 2011-12 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at cost and tax		30,642	24,709
Net addition of endowment	19	8,036	6,754
Endowment withdrawn		(6,463)	(6,463)
Appreciation of endowment asset investments	19	7,874	691
Total recognised gains and losses relating to the year		40,089	25,691
Reconciliation of movement in reserves and endowments			
Opening reserves and endowments		299,267	273,576
Total recognised gains and losses for the year		40,089	25,691
Closing reserves and endowments		339,356	299,267

BALANCE SHEETS

	NOTES	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
Fixed assets					
Tangible assets	9	328,100	327,598	301,967	301,458
Investments in subsidiary undertakings	10	–	150	–	150
Investments	11	129	–	110	–
		328,229	327,748	302,077	301,608
Endowment assets	12	92,646	92,646	83,199	83,199
Current assets					
Stock		97	97	112	112
Debtors	13	19,035	20,251	18,849	20,928
Cash at bank and in hand	14	89,383	87,627	77,614	75,042
Investments and bank deposits	14	11,895	11,895	10,000	10,000
		120,410	119,870	106,575	106,082
Creditors: amounts falling due within one year	15	(80,902)	(80,012)	(69,737)	(68,806)
Net current assets		39,508	39,858	36,838	37,276
Total assets less current liabilities		460,383	460,252	422,114	422,083
Creditors: amounts falling due after more than one year	15	(27,666)	(27,666)	(29,737)	(29,737)
Pension provision	17	(140)	(140)	(145)	(145)
Net Assets		432,577	432,446	392,232	392,201
Deferred capital grants	18	93,221	93,221	92,965	92,965
Endowments					
Expendable	19	52,742	52,742	47,541	47,541
Permanent	19	39,904	39,904	35,658	35,658
		92,646	92,646	83,199	83,199
Reserves					
General reserve	20	246,710	246,579	216,068	216,037
Total		432,577	432,446	392,232	392,201

The financial statements on pages 20 to 39 were approved by the Council on 26 November 2013 and were signed on its behalf by:



Peter Sutherland, KCMG
Chair of Court and Council



Professor Craig Calhoun
Director

CONSOLIDATED CASH FLOW STATEMENT

	NOTES	2012-13 £'000	2011-12 £'000
Cash flow from operating activities	21	43,535	49,731
Returns on investments and servicing of finance			
Income received from endowments		5,338	3,373
Other interest received		2,357	254
Interest paid		(3,195)	(3,092)
		4,500	535
Capital expenditure and financial investment			
Payments to acquire fixed assets		(32,962)	(18,702)
Payments to acquire investment assets		(19)	(10,017)
Payment to acquire endowment assets		(24,263)	(27,188)
Proceeds from sale of investment assets		–	18,262
Proceeds from sale of endowment assets		20,767	14,776
Deferred capital grant received		2,332	2,266
Endowment transfer		(321)	(5,937)
		(34,466)	(26,540)
Management of liquid resources		–	35,000
Loan repayments		(1,800)	(1,800)
Increase in cash in the period		11,769	56,926
Reconciliation of net cash flow to movements in net funds/debt			
(Decrease)/Increase in cash in the period		11,769	56,926
Cash outflow from liquid resources		–	(35,000)
Changes in net debt resulting from cash flows		1,800	1,800
Movements in net debt in period		13,569	23,726
Net funds at year start		47,914	24,188
Net funds at year end	22	61,483	47,914

NOTES TO THE ACCOUNTS

1 FUNDING COUNCIL GRANTS	NOTES	2012-13 £'000	2011-12 £'000
From HEFCE			
Block recurrent		22,748	25,061
Higher Education Innovations Fund		1,834	724
Matched Funding for Voluntary Giving		–	500
Other specific grants		621	839
Deferred capital grants released in year	18	1,374	611
Total HEFCE		26,577	27,735
Joint Information Systems Committee and other grants		28	227
		26,605	27,962

2 TUITION FEES AND EDUCATION CONTRACTS			
Tuition fees :			
Home/EU students		41,942	38,740
Overseas students		81,918	76,578
TRIUM MBA		4,636	1,905
Short courses		11,114	9,280
Examination and other fees		238	243
		139,848	126,746

3 RESEARCH GRANTS AND CONTRACTS			
Research Councils		4,305	4,972
Government departments		3,384	4,255
Charities		1,288	1,190
European Commission and other EU based funders		7,048	6,508
Other outside bodies		4,693	3,635
Specific endowments	5	3,013	2,136
		23,731	22,696

4 OTHER INCOME	NOTES	2012-13 £'000	2011-12 £'000
Residences and catering		33,881	31,356
Academic department income attributable to other activities		802	2,993
Release of deferred capital donations	18	596	593
University of London International Programmes (ULIP)		13,344	7,512
Consultancy services and executive education		6,578	6,243
Other services rendered		7,182	8,436
VAT recovery		965	1,235
Staff and student facilities		621	583
Sundry		1,365	1,337
		65,334	60,288

Income from the University of London International Programme in 2012-13 includes the School's 2011-12 and 2012-13 share of surplus from the programme. This is a one-off adjustment reflecting the formalisation of contractual agreements between the School and the University of London.

5 ENDOWMENT AND INVESTMENT INCOME

Income from expendable endowments		7,316	6,950
Income from permanent endowments		1,035	975
Income from endowments	19	8,351	7,925
Research grants and contracts funded by endowments (included in note 3)			
Expendable endowments		(2,481)	(1,667)
Permanent endowments		(532)	(469)
	3	(3,013)	(2,136)
Investment of general funds			
Interest and dividends receivable		2,357	254
		7,695	6,043

6 STAFF COSTS	2012-13 £'000	2011-12 £'000
Total staff costs for the year were:		
Wages and salaries	108,683	105,421
Social security costs	9,353	8,673
Other pension costs	12,813	11,674
	130,849	125,768

The average monthly number of persons employed by the School during the year expressed as full-time equivalents was:	2012-13 Number	2011-12 Number
Research and Teaching	1,029	963
Operational Services	1,228	1,167
Subsidiaries	21	19
	2,278	2,149

HIGHER PAID EMPLOYEES AND REMUNERATION	2012-13 £'000	2011-12 £'000
Directors		
Emoluments (2012-13 – 10 Directors; 2011/12 – nine Directors)	1,150	952
Emoluments, as Director, of those who served during the year as Director of the School were:		
Director – Professor Craig Calhoun		
Salary	324	–
One-off benefits in kind associated with an international relocation	88	–
Benefits in kind	9	–
	421	–
Employer's pension contributions	45	–
	466	–
Director – Professor Dame Judith Rees		
Salary	14	270
	14	270

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

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:

6 STAFF COSTS (CON'T)	2012-13 numbers	2011-12 numbers
£100,001 – £110,000	35	48
£110,001 – £120,000	23	18
£120,001 – £130,000	17	14
£130,001 – £140,000	18	10
£140,001 – £150,000	14	11
£150,001 – £160,000	15	4
£160,001 – £170,000	8	5
£170,001 – £180,000	5	5
£180,001 – £190,000	2	3
£190,001 – £200,000	2	1
£200,001 – £210,000	2	2
£210,001 – £220,000	4	1
£220,001 – £230,000	–	–
£230,001 – £240,000	1	1
£240,001 – £250,000	1	–
	147	123

Total remuneration includes salaries and other additional payments relating to Summer School, TRIUM and consultancy and executive education delivered via LSE Enterprise Ltd. It does not include payments for private consultancy or income earned from activities outside LSE and its subsidiaries. Payments for compensation for loss of office to higher paid staff total £nil (2011-12 – £nil).

7 OTHER OPERATING EXPENSES	2012-13 £'000	2011-12 £'000
Academic departments	10,267	9,331
Library and IT Services	9,452	7,926
Research grants and contracts	5,511	6,171
Scholarships and general educational expenditure	16,331	14,109
Premises	14,216	13,134
Administration and central services	4,426	3,823
Staff and student facilities	2,080	1,771
Residences and Catering	19,951	17,472
Other services rendered	4,155	6,255
Consultancy services and executive education	3,446	2,779
Alumni development and fundraising	822	894
Miscellaneous	1,041	1,017
	91,698	84,682
Other operating expenses include:		
Fees payable to the School's auditor for the audit of the annual accounts	62	60
Fees payable to the School's auditor and its associates for other services:		
Audit of the annual accounts of the School's subsidiaries	7	6
Other services relating to taxation	5	10
All other services	30	96
	104	172

8 INTEREST PAYABLE

Loans not wholly repayable within five years	3,195	3,092
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9 TANGIBLE FIXED ASSETS	LAND AND BUILDINGS		EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
	£'000	£'000	£'000	£'000	£'000
	FREEHOLD	LONG LEASEHOLD			
Group					
COST					
As at 1 August 2012	291,466	27,262	12,109	22,051	352,888
Additions in Year	–	241	2,102	30,619	32,962
Transfer	24,144	–	–	(24,144)	–
As at 31 July 2013	315,610	27,503	14,211	28,526	385,850
ACCUMULATED DEPRECIATION					
As at 1 August 2012	36,328	5,435	9,158	–	50,921
Charge for Year	5,614	576	639	–	6,829
As at 31 July 2013	41,942	6,011	9,797	–	57,750
NET BOOK VALUE					
As at 1 August 2012	255,138	21,827	2,951	22,051	301,967
As at 31 July 2013	273,668	21,492	4,414	28,526	328,100
School					
COST					
As at 1 August 2012	291,466	26,612	11,857	22,051	351,986
Additions in Year	–	241	2,092	30,619	32,952
Transfer	24,144	–	–	(24,144)	–
As at 31 July 2013	315,610	26,853	13,949	28,526	384,938
ACCUMULATED DEPRECIATION					
As at 1 August 2012	36,328	5,303	8,897	–	50,528
Charge for Year	5,614	565	633	–	6,812
As at 31 July 2013	41,942	5,868	9,530	–	57,340
NET BOOK VALUE					
As at 1 August 2012	255,138	21,309	2,960	22,051	301,458
As at 31 July 2013	273,668	20,985	4,419	28,526	327,598

Group and School

Fixed assets acquired by the School are funded from various sources including HEFCE grants and donations. Many assets have conditions attached in the case of disposal and the proceeds may therefore not be available to the School. The HEFCE Exchequer Interests are disclosed in Note 18.

The School has manuscripts of historic value stored in the Library archive and works of art. These assets are not included within the tangible fixed assets and no market value is estimated. It is not practical to determine the market value of the heritage assets. The cost associated with the custodianship would materially reduce their market value. The Library's contents and works of art are insured in 2013-14 for £111.1m and £1.4m respectively.

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
10 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS				
Subsidiary companies	–	150	–	150

Subsidiaries are:

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

All of the above are registered in England.

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

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
11 INVESTMENTS				
Joint ventures	129	–	110	–
	129	–	110	–

The School has a 50 per cent share in the *Journal of Transport Economics and Policy* being a joint venture with the University of Bath. Accounts have not yet been received for 2012-13 but the 2011-12 accounts show the School's share of turnover to be £55,000 and an operating surplus of £3,000. The 2011-12 results have been included in the income and expenditure account.

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

	2013 £'000	2012 £'000
12 ENDOWMENT ASSETS		
Analysis of closing balance:		
UK equities	29,236	31,443
Overseas equities	20,918	10,114
UK corporate bonds	20,248	21,868
Property funds	2,710	–
Commodities	2,927	–
Other	–	8
Money market funds	526	1,763
Invested	76,565	65,196
Share of freehold property	33	33
Cash on deposit	16,048	17,970
	92,646	83,199

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

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
13 DEBTORS				
Amounts falling due within one year:				
Trade debtors	8,628	6,152	7,338	5,627
Accrued research income	2,529	2,529	2,967	2,967
Amounts due from subsidiary undertakings	–	4,074	–	3,805
Staff loans for housing	132	132	79	79
Other debtors	5,838	5,822	6,168	6,153
Prepayments and accrued income	1,773	1,407	2,027	2,027
	18,900	20,116	18,579	20,658
Amounts falling due after more than one year:				
Trade debtors	52	52	46	46
Staff loans for housing	83	83	224	224
	135	135	270	270
TOTAL	19,035	20,251	18,849	20,928
14 CASH AT BANK AND INVESTMENTS				
Cash at bank	89,383	87,627	77,614	75,042
Investments	11,895	11,895	10,000	10,000
	101,278	99,522	87,614	85,042

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
15 CREDITORS				
Amounts falling due within one year:				
Bank loans	1,800	1,800	1,800	1,800
Trade creditors	7,525	7,377	6,660	6,567
Research creditors and prepayments	18,225	18,225	20,098	20,098
Short courses	187	187	150	150
Amounts due to subsidiary undertakings	–	1,838	–	1,373
Taxation and social security	2,975	2,975	3,081	3,081
Other creditors	4,836	4,836	4,120	4,120
Accruals and deferred income	45,354	42,774	33,828	31,617
	80,902	80,012	69,737	68,806
Amounts falling due after one year:				
Bank loans	26,100	26,100	27,900	27,900
Deferred VAT payments	1,566	1,566	1,837	1,837
	27,666	27,666	29,737	29,737

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
16 BORROWINGS				
Bank loans are repayable as follows:				
In one year or less	1,800	1,800	1,800	1,800
Between one and two years	1,800	1,800	1,800	1,800
Between two and five years	5,400	5,400	5,400	5,400
In five years or more	18,900	18,900	20,700	20,700
	27,900	27,900	29,700	29,700

The School has arranged a £75.0m amortising loan repayable by December 2028 secured over three properties. £27.9m was outstanding with a residual facility of £30.0m remaining undrawn at the balance sheet date.

The School has entered into interest rate swap agreements with a nominal value totalling £65.0m. The effective fixed rate costs of the loans and swaps taken together is between 5.0 per cent and 5.5 per cent. The swap agreements had a negative mark to market value of £19.6m (31 July 2012 – £25.4m) at the balance sheet date.

17 PENSION PROVISION	£'000
As at 1 August 2012	145
Transferred to income and expenditure account	(5)
As at 31 July 2013	140

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

18 DEFERRED CAPITAL GRANTS	NOTES	Funding Council £'000	Other grants and donations £'000	Total £'000
As at 1 August 2012		55,552	37,413	92,965
Cash received		1,343	989	2,332
Released to income and expenditure account – School	1 & 4	(1,374)	(596)	(1,970)
Released to income and expenditure account – Residences		(18)	(88)	(106)
As at 31 July 2013		55,503	37,718	93,221

Deferred capital grants include indexed exchequer interests of £49.1m at the balance sheet date.

19 ENDOWMENTS	NOTES	Restricted expendable £'000	Restricted permanent £'000	Total £'000
Capital value		43,289	33,961	77,250
Accumulated income		4,252	1,697	5,949
At 1 August 2012		47,541	35,658	83,199
Net additions		7,684	352	8,036
Appreciation of endowment asset investments		3,817	4,057	7,874
Investment income		1,016	872	1,888
Expenditure for the year	5	(7,316)	(1,035)	(8,351)
At 31 July 2013		52,742	39,904	92,646
Represented by:				
Capital value		48,859	38,418	87,277
Accumulated income		3,883	1,486	5,369
		52,742	39,904	92,646

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
20 MOVEMENTS ON GENERAL RESERVE				
As at 1 August	216,068	216,037	191,859	191,753
Surplus for the year	30,642	30,542	24,209	24,284
As at 31 July	246,710	246,579	216,068	216,037

	2012-13 £'000	2011-12 £'000
21 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus of income over expenditure for the year on total activity before tax	30,642	24,709
Depreciation	6,829	5,484
Deferred capital grants released to income	(2,076)	(1,310)
Endowment and investment income	(7,695)	(6,043)
Interest payable	3,195	3,092
Decrease/(increase) in stocks	15	(24)
(Increase)/decrease in debtors	(186)	5,832
Increase in creditors and deferred income	10,894	16,400
Decrease in provisions	(5)	(36)
Endowment transfer	1,922	1,627
Net cash inflow from operating activities	43,535	49,731

	At 1 August 2012 £'000	Cash flows £'000	Other changes £'000	At 31 July 2013 £'000
22 ANALYSIS OF CHANGES IN NET DEBT				
Cash at bank and in hand	77,614	11,769	–	89,383
Endowment cash	17,970	(1,922)	–	16,048
Less: Cash at bank within endowment cash	(17,970)	1,922	–	(16,048)
	77,614	11,769	–	89,383
Debt due within one year	(1,800)	1,800	(1,800)	(1,800)
Debt due after one year	(27,900)	–	1,800	(26,100)
	47,914	13,569	–	61,483

23 PENSION COMMITMENTS

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

Pension Scheme	USS		SAUL	
	2013	2012	2013	2012
Active members	1,289	1,272	503	517
Contribution rate made by School	16%	16%	13%	13%
Contribution made (in £'000)	11,237	10,566	1,694	1,575

(i) USS

The School participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. At 31 March 2013, USS had over 148,000 active members participating in the scheme.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are co-opted directors appointment by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie, the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3 per cent from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2 per cent for CPI which corresponds broadly to 2.75 per cent for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1 per cent per annum, salary increases would be 4.4 per cent per annum (with short-term general pay growth at 3.65 per cent per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for the past service liabilities) and pensions would increase by 3.4 per cent per annum for three years following the valuation then 2.6 per cent per annum thereafter.

Standard mortality tables were used as follows:

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

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates the CMI 2009 projections with a 1.25 per cent per annum long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5m and the value of the scheme's technical provisions was £35,343.7m indicating a shortfall of £2,910.2m. The assets therefore were sufficient to cover 92 per cent of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of the past service liabilities of 4.4 per cent per annum (the expected return on gilts) the funding level was approximately 68 per cent. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93 per cent funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57 per cent of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5 per cent per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82 per cent.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall of 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95 per cent. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16 per cent of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of the price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age The Normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement Flexible retirement options were introduced.

Member contributions increased Contributions were uplifted to 7.5 per cent per annum and 6.5 per cent per annum for FS Section members and CRB Section members respectively.

Cost sharing If the total contribution level exceeds 23.5 per cent of salaries per annum, the employers will pay 65 per cent of the excess over 23.5 per cent and members would pay the remaining 35 per cent to the fund as additional contributions.

Pension increase cap For service derived after 30 September 2011, USS will match increases in official pensions for the first 5 per cent. If official pensions increase by more than 5 per cent then USS will pay half of the difference up to a maximum increase of 10 per cent.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2013 under the scheme specific funding regime had fallen from 92 per cent to 77 per cent. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

On the FRS17 basis, using a AA bond discount rate of 4.2 per cent per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68 per cent. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55 per cent.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it might be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the sponsoring employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate which exists for defined benefit pension schemes currently, and the need to be clear about the responses

that are available should the deficits persist and a revised recovery plan becomes necessary following the next actuarial valuation of the scheme as at March 2014. The trustee is making preparations ahead of the next valuation to compile a formal financial management plan, which will bring together – in an integrated form – the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

(ii) SAUL

The School participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The School has adopted FRS17 for accounting for pension costs. It is not possible to identify the School's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (ie cash amounts) in accordance with paragraphs 8-12 of FRS17. The scheme is open to the School's secretarial/clerical/technical staff. As at 31 July there were 541 staff who were members of the scheme.

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

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

* an additional allowance is made for promotional Salary increases.

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

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

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

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

(iii) FSSU

The pensions of ex-members of staff who retired under the previous superannuation scheme for academic and related staff (FSSU) are supplemented as of right under the National Scheme for Supplementation of Superannuation Benefits. This supplementation is payable during the lifetime of the ex-member of staff and is increased each year by comparison with increases in public service pensions authorised under the Pensions (Increase) Act 1971. At the year end a provision has been established to meet the future obligations, see note 17.

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
24 CAPITAL COMMITMENTS				
Saw Swee Hock Student Centre (costs to completion)	9,446	9,446	20,239	20,239
Library	1,830	1,830	–	–
Connaught House	1,500	1,500	–	–
Old Building	1,285	1,285	–	–
32 Lincoln's Inn Fields (costs to completion)	–	–	10,529	10,529
Tower 1 and 2 Ground Floor	–	–	625	625
	14,061	14,061	31,393	31,393

The School is in the process of architectural selection with a view to redeveloping central campus buildings (East Building, Clare Market, the Anchorage and St Clement's East). The estimated capital cost for this capital project is £100m.

25 OPERATING LEASES

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

	Group 2013 £'000	School 2013 £'000	Group 2012 £'000	School 2012 £'000
Within one year	6,833	6,833	6,611	6,611
Between two and five years	25,786	25,786	25,732	25,732
	32,619	32,619	32,343	32,343

26 RELATED PARTY TRANSACTIONS

The School has maintained a Register of Interests of all Council members. Written assurances have been obtained from all Council members in respect of themselves and their close family that for the year ended 31 July 2013, they have not unduly influenced any transaction between the School and a related party.

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.

The activities of the LSE Students' Union have not been consolidated on the grounds that the School does not have significant influence over its activities. During 2012-13 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 General Secretary of the Students' Union is a member of Council.

The School received payments for career fairs, billed at commercial rates, from Goldman Sachs International, British Petroleum, Bank of England, Markit, AVIVA and Clifford Chance LLP. The School received payments for services, billed at commercial rates, from Cairn Capital. The School made payments to Bank of England and Royal Anthropological Institute for services. Mr Peter Sutherland, Chairman of the Council, is the Chairman of Goldman Sachs International and a member of BP International Advisory Board. Mr Tim Frost, a Council member and Vice Chair of the Finance Committee, is a director of Bank of England, Cairn Capital and Markit. Mr Richard Goeltz, a Council member, served as a senior independent Director of AVIVA during the year. Mr Alan Elias, a Council member of the School and Chairman of the Audit Committee, is a consultant to Clifford Chance LLP. Dr Matthew Engelke, a Council member, is an Honorary Editor of the *Journal of the Royal Anthropological Institute*.

The School conducted a review of linked charities in 2012-13 and found no associated entities falling within the definition set out in paragraph 28 of schedule 3 of the Charities Act 2011.

27 CONTINGENT LIABILITIES

The School has entered into rental guarantees with Shaftesbury Housing and Urbanest UK Minorities Ltd. Between 2013-14 and 2017-18, the School will have a financial commitment related to 660 beds with a potential liability estimated at £5.3m per year.

As at 31 July 2013 the School had a contingent liability relating to a reclaim by HMRC of VAT. In 2010/11 the School received £1.1m (net of professional fees) from HMRC to settle a claim for previously unclaimed VAT for years 1973 to 1997. During 2012/13 the School received a request from HMRC for repayment of this money, though the School disputed the liability to repay it. An internal case review by HMRC has been carried out at the School's request, and that has upheld the HMRC position. The School has repaid the sum after 31 July 2013 pending an appeal to Tribunal. The School's position remains that it is entitled to reclaim VAT previously unclaimed, that the HMRC's initial decision to refund this amount was correct and that its subsequent reversal is incorrect, and that there was no liability at 31 July 2013. In the event that the School is not successful at the conclusion of the appeal process, there will be a liability.

The School participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefit multi-employer schemes and are externally funded and contracted out of the State Second Pension (S2P) Scheme. Following a change in legislation of Employer Debt Regulations in September 2005 there is a potential debt on the employer that could be levied by the Trustee of both pension schemes. The scheme is multi-employer scheme and should one or more employers in the scheme fail their liabilities would transfer to the remaining employers on a 'last man standing' basis. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time. At the date of the last tri-annual valuation as at 31 March 2011, there were overall shortfalls of £2,910.2m and £79.3m in pension funding for USS and SAUL respectively.

28 SCHOLARSHIPS AND ACCESS FUNDS

	2012-13	2011-12
	£'000	£'000
Student support provided by the School's general funds and endowments	13,205	10,609

Access Funds

Balance unspent as at 1 August	9	14
Funding Council grants	33	43
Interest earned	1	1
Disbursed to students	(31)	(49)
Balance unspent as at 31 July	12	9

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

	At 1 August	Additions funded	Additions funded	Depreciation	At 31 July
	2012	by general reserves	by deferred		2013
29 FUNDING OF TANGIBLE FIXED ASSETS	£'000	£'000	capital grants	£'000	£'000
Land and buildings	299,016	28,528	2,332	(6,190)	323,686
Equipment	2,951	2,102	–	(639)	4,414
	301,967	30,630	2,332	(6,829)	328,100

Funded by :

Deferred capital grants	92,965	93,221
Bank loans/creditors	31,537	29,466
General reserves	177,465	205,413
	301,967	328,100

30 TRUSTEE EXPENSES

During 2012-13 no employee trustee received any expense reimbursement in relation to their role as trustee. No payments were made to any trustee for serving as a trustee. A payment of £2,020 was made to Ms Kate Jenkins, vice chair of Council, for delivery of academic supervision activities for Gurukul scholars.

31 POST BALANCE SHEET EVENTS

In August 2013, the School entered an agreement with Cancer Research UK to purchase 44 Lincoln's Inn Field at the amount for £80.0m.

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

FIVE YEAR GROUP FINANCIAL SUMMARY

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Income					
Funding Council Grants	26,605	27,962	29,652	30,616	29,549
Tuition fees and education contracts	139,848	126,746	114,705	106,613	96,679
Research grants and contracts	23,731	22,696	24,068	23,856	20,272
Other income	65,334	60,288	59,237	53,804	49,021
Endowment and investment income	7,695	6,043	6,041	4,805	7,205
VAT claim	–	–	–	1,224	–
Total income	263,213	243,735	233,703	220,918	202,726
Expenditure					
Staff costs	130,849	125,768	121,338	117,905	107,726
Other operating expenses	91,698	84,682	84,745	75,162	68,818
Depreciation	6,829	5,484	5,600	5,421	5,184
Interest payable	3,195	3,092	3,160	3,201	2,445
Total expenditure	232,571	219,026	214,843	201,689	185,173
Exceptional items	–	–	2,299	–	–
Surplus before tax	30,642	24,709	21,159	19,229	17,553
Taxation	–	–	–	–	–
Transfer to endowment	–	(500)	(1,216)	(1,034)	–
Surplus retained within general reserve	30,642	24,209	19,943	18,195	17,553
At 31 July year end:					
Deferred Capital Grants	93,221	92,965	92,009	92,683	85,235
Endowments	92,646	83,199	81,717	72,630	57,366
Reserves	246,710	216,068	191,859	171,916	153,721
Total	432,577	392,232	365,585	337,229	296,322
Held as:					
Fixed assets	328,229	302,077	308,063	247,844	242,673
Endowment investments	92,646	83,199	81,717	72,630	57,366
Investments to support endowments	11,895	10,000	–	–	–
	432,770	395,276	389,780	320,474	300,039
Net working capital	27,613	26,838	7,396	50,330	31,185
Long term liabilities	(27,806)	(29,882)	(31,591)	(33,575)	(34,902)
	432,577	392,232	365,585	337,229	296,322

CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT

41

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

Status of the School

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

The School is a 'public university' in so far as it derives a modest proportion of its income from government subsidies; primarily as rewards for assessed research performance (see page 24 and 25). HEFCE's Model Financial Memorandum sets out the terms and conditions for payment of HEFCE grants to institutions. These conditions have been met in full during 2012-13, as in previous years.

The Memorandum and Articles of Association form LSE's constitutional documents. The School complies with the Committee of University Chairmen's (CUC) Governance Code of Practice and General Principles (2009); and Governors are expected to uphold the seven Principles of Public Life advocated by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Further, the School has an over-arching Ethics Policy by which all members of the LSE community including staff, students and Governors are expected to abide. The values enshrined in the Code are those of responsibility and accountability, integrity, intellectual freedom, respect, collegiality, and sustainability.

The principal governance bodies of the School are as follows:

The Court of Governors

The Court may have up to 100 members, approximately 80 per cent of whom will be lay (independent) Governors. The remainder are elected academic and student members, and ex-officio members including the Director and Pro-Directors. The lay members of the Court bring to the School a wide range of expertise from a number of sectors (business, the professions, the third sector, etc) and the Court has an international dimension. The majority of lay members (c. 75 per cent) are alumni of the School and therefore have a shared interest in upholding the reputation of the LSE and ensuring its long term sustainability.

Members of the Court are 'members of the Corporation' and all hold the honorific title of 'Governor'. Unless a member of the Court also serves on the Council, he or she will not be a company director or charity trustee of the School, but rather a critical friend and advisor to the School's senior management team and the Council. LSE is neither a for-profit organisation or a civic university and accordingly the Court is not a shareholder or formal stakeholder group.

As constitutional guardian, the permission of the Court is required in order to amend the School's Memorandum and Articles of Association. The Court has the following formal powers: the appointment of members of the Court and its sub-committees; the appointment of members of the Council; election of the Chair and

Vice Chairs of the Court and Council and Honorary Fellows of the School; and appointment of the School's external auditors. When the Directorship of the School is to be considered by the Directorship Selection Committee, the Court advises the Committee about the criteria for the Directorship and about the long term issues that an incoming Director should address. As members of the Corporation, Governors have the power of recall under the Companies Acts. If Governors are dissatisfied with a decision made by the Council, they (i.e. ten of their members in accordance with 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 the Council. There are specific arrangements in place to ensure the cross-reporting of business between the Court and Council; and all members of the Council are drawn from the membership of the Court.

The Council

In 2012-13, the Council comprised 28 members, all of whom were charity trustees of the LSE as an exempt charity and 25 of whom were full voting members of the Council and company directors of the School as a private company.

The Council is the governing body of the School and its formal powers and terms of reference are set out in the Articles and in its Statement of Primary Responsibilities. Its primary role is to provide strategic leadership and to maintain a focus on areas identified in the Strategic Plan. It has specific responsibilities in relation to: the monitoring of institutional performance; finance and financial sustainability; audit arrangements; estate strategy; human resource and employment policy; equality and diversity; health and safety; educational character and mission, and the student experience.

Council is supported in carrying out its role by a number of standing committees which report directly to it. These are Audit, Estate Strategy, Ethics Policy, Finance, Health and Safety and Remuneration. All of the standing committees of the Council are chaired by a lay Governor member of the Council with the exception of the Ethics Policy Committee which is chaired by a lay member of the Court of Governors and has as its Vice Chair a Vice Chair of the Court and Council. An important ad hoc committee of the Council, the Equality and Diversity Committee, is also chaired by one of the two Vice Chairs of the Court and Council. Other ad hoc committees include: selection committees for senior posts; the Council Effectiveness Review Group which ordinarily reports on a three-yearly basis; and the Chairman's Group of the Council. The latter has power to act during vacations and between meetings of the Council in any urgent matter which would normally come before the Council, within prescribed limits.

Certain powers are reserved to the Council by the School's Memorandum and Articles of Association; these may not be delegated. However, the Council has a formal Scheme of Delegation, setting out those areas where authority has been delegated by the Council to the Director and the School Secretary. Further to the last review of Council effectiveness, that Scheme has been further extended to set out areas of delegation from the Director to the Director of Finance and Facilities (now Chief Financial Officer,

CFO), School Secretary and the Academic Registrar and Director of Academic Services. This will further reinforce the management-governance boundary and ensure that Council meetings do not become cluttered with minor operational matters which should be within the authority of officers of the School.

Governance-management Boundary

The Director is the head of the School (our 'Chief Executive'), responsible for the executive management of the School and leadership on academic issues. The Director reports to and is accountable to the Council. The Director is also the accountable officer for the purposes of the Higher Education Funding Council for England (HEFCE) Financial Memorandum. The Director meets at least annually with the Audit Committee to provide personal assurance on controls in place regarding the production of the School's annual accountability return to HEFCE. The current Director, Professor Craig Calhoun, took up post on 1 September 2012 and has been leading a wide-ranging strategic review which is due to report in Spring 2014.

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

The Academic Board

The Academic Board, which reports to the Council, is the principal academic body of the School. It is chaired by the Director of the School and has as its Vice Chair an elected member of the faculty. It considers all major issues of general policy affecting the academic life of the School and its development. It is supported by its own structure of committees and there are mechanisms for ensuring effective communication between it and the Council.

During 2012-13, the Academic Board met five times. Key areas for discussion included: the future size, shape and direction of the School; a new academic career structure; academic governance; tuition fees; and a variety of student-focused issues, including acting upon student feedback, improvements to teaching and learning, and enhanced course guides.

Controls Framework

The Council confirms that it complies with the recommendations of the CUC Governance Code of Practice and General Principles (March 2009) in all material respects. As the governing body of the School, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of strategic and operational objectives, while safeguarding public and other funds and assets for which it is responsible under the terms of the Articles and the HEFCE Model Financial Memorandum. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve objectives, including missing appropriate opportunities. It can therefore only provide reasonable and not absolute assurance of effectiveness.

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

The Audit Committee, which met six times during the year (including a joint meeting with the Finance Committee), is responsible inter alia for advising the Council on the effectiveness of the School's risk management and controls systems. The Audit Committee reports three times a year to Council, through its Chair, and provides an annual opinion on risk management, control and governance. Controls come from a variety of sources, including:



- monitoring by the Director's Management Team of various workstreams arising from the current strategic review;
- regular review by the Director's Management Team of policy issues and problems, and of strategic risks;
- review of the strategic risk register, risk mitigation strategies and business continuity arrangements by the Audit Committee, and discussion at Council of the top 3-4 risks facing the School;
- annual monitoring of institutional health and presentation to the Council of a "balanced scorecard" at the strategic Awayday in September of each year;
- regular meetings between DMT and Service Leaders to review progress and issues arising from operational activities, and similar meetings between the Director and Heads of Departments in relation to academic developments;
- oversight by the Academic Planning and Resources Committee of matters relating to resource allocation, forward planning, effectiveness and value for money;
- a professional Internal Audit Service whose annual programme is approved by the Audit Committee and endorsed by the Council, and whose Head provides the Council and the Committee with a report on internal audit activities within the School and an opinion on the adequacy and effectiveness of the School's system of internal controls. The Head of Internal Audit is independent of the School and has direct access to the lay Chair of the Audit Committee, and to the Director as the School's Accountable Officer;
- Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee on behalf of the Council and reviewed and updated annually;
- clearly defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council;
- scrutiny of policy and practice by committees of the Council, such as Estates and Finance;
- regular review of the effectiveness of the Council and its sub-committees;
- a written scheme, setting out delegation of executive authority from the Council to the Director and to the School Secretary; and from the Director to the CFO, School Secretary, and Academic Registrar and Director of Academic Service;
- constitutional documents (the Memorandum and Articles of Association), which reserve certain powers to the Council and Court of Governors;
- forward planning for succession at senior levels, as well as pre-appointment induction and significant handover periods for positions such as the Director and School Secretary;
- written reports from the Director to the Court and Council, and from the Council to the Court, providing transparency and opportunity for constructive challenge; and
- review of change management processes and promotion of best practice in relation to data and reporting in the School by the Data Quality Group.

Internal and External Audit Services

The School's internal audit service is provided by BDO LLP. The School's external auditors for UK GAAP accounts are PricewaterhouseCoopers and Grant Thornton LLP previously for US GAAP accounts.

Representatives of the School's internal and external audit firms attend meetings of the Audit Committee and have an opportunity at each meeting to raise any issues of concern with members of the Committee in private session (ie, in the absence of Officers of the School). The performance of both the Internal and External Auditors is subject to annual review by the Audit Committee.

Finance Committee

The Finance Committee plays a significant role in relation to risk by advising Council on financial risks to the Strategic Plan; this includes considering the financial implications of non-financial risks.

The Finance Committee receives regular reports from the Ancillary Programmes Board (APB) on non-core activities, which continue to be a vital income stream for the School. The governance of the APB has been reviewed this year with a view to enhancing safeguards to manage potential conflicts of interest. The work of the APB is complemented by that of LSE Enterprise Ltd, a wholly owned subsidiary of the School which provides executive education and consultancy services and whose profits are gift-aided to the School each year. The Provost, the CFO and the School Secretary are all director members of the Board of LSE Enterprise Ltd.

The main activities of the Finance Committee relate to the following areas: financial strategy and risk; funding adequacy, cash flow and investment; financial forecasting and budgets; financial policies and regulations; evaluation of major commitments; and review of financial performance at aggregate level. The Finance Committee has both lay and expert membership and is supported in its work by the following sub-groups/committees: Investment; Ancillary Programmes; Endowment Management; and the Annual Fund Advisory Group.

The Financial Regulations are regularly updated and set out policies and procedures related to purchasing. The Purchasing Manager reports annually to the Academic Planning and Resources Committee on value for money related to purchasing activities. The Financial Regulations set out policies and procedures related to capital expenditures. In practice, the School has three main categories of capital expenditure: buildings and estate related; IT related; and catering equipment. Capital expenditure on land, buildings, furniture, equipment and associated costs is only normally considered if it forms part of the approved capital programme. Major acquisitions and disposals are subject to Council approval. All academic and service departments are routinely subject to a review of progress against Departmental Development Plans or Service Development Plans. There is a multifactor Resource Allocation Model (RAM) for academic departments to ensure that staff and non-staff budgets are determined based on a fair allocation of resources in relation to student numbers and other key factors. The RAM is currently under review.

There is a strong budgetary control process, with a high degree of decision autonomy delegated to budget controllers on how to spend budgets but very limited opportunity to overspend. There are additional processes for administration and control of research grants, donations and endowments where there are specific conditions on how the grant may be spent.

Remuneration Committee

The Remuneration Committee oversees remuneration arrangements, which operate within a national job evaluation and pay negotiation framework. There are controls on hiring of staff and headcount operated by HR and Finance to ensure that staff are only recruited where budgets are approved; and these are usually only approved following review of progress against locally developed, centrally approved plans. Exceptionally, in 2012-13 the Finance Committee approved a pool of funding for a Research Quality Investment Fund, enabling the School to undertake a global, open subject search for academic talent ahead of the Research Excellence Framework.

Business Continuity

The principal objective of the School's business continuity arrangements is to mitigate the potential impact on the School's teaching and research activities should any of the identified principal continuity risks crystallise. A dedicated webpage provides staff and students with up to date information about current significant risks to the continuity of their work. It also provides advice to help mitigate those risks through links to external sites that provide additional information. The expertise of the Business Continuity Steering Group has been enhanced during the year by the inclusion of the new School Secretary, Susan Scholefield, who brings from her experience as the Head of the Civil Contingencies Secretariat in the Cabinet Office the significant experience of national contingency planning.

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

Declaration of the Council

In accordance with the Companies Acts, the Council, as directors, are responsible for the administration and management of the School's affairs, including running an effective system of internal controls, and is required to present audited financial statements for each financial year. The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable it to ensure that the financial statements are prepared in accordance with the Companies Acts, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the 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 directing the preparation of the financial statements, the Council has ensured that:

- suitable accounting policies were selected and applied consistently;
- judgements and estimates made were reasonable and prudent;

- applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements were prepared on the going concern basis. The Council is satisfied that the School has adequate resources to continue in operation through 2013 and 2014. 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;
- to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

Policy aims

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

This will be facilitated by a commitment to maintain ISO 14001 accreditation and to achieve the following aims.

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

Policy objectives

1. Energy and carbon

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

2. Waste and resources

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

3. Water

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

4. Construction and refurbishment

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

5. Procurement

- Require contractors, sub-contractors and suppliers to meet or exceed all relevant environmental legislation and regulations and work to improve the environmental performance of the School.

- Consider the environmental and social sustainability of all products and services procured, including whole-life costing.

6. Emissions and discharges

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

7. Transport

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

8. Biodiversity and urban landscapes

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

9. Education for sustainable development

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

10. Community Involvement

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

11. Health, safety and welfare

- Minimise adverse effects from environmental issues on the health, safety and welfare of staff, students and visitors.

12. Income and investment

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

ENDOWMENT INVESTMENT PERFORMANCE

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

During the 2012-13 financial year, the School's endowments grew from £83.2m to £92.6m. The majority has come from private donations which have established research centres, chairs, lectureships, and scholarships. An increasing number of individual donors and foundations are recognising this form of support as vital to the School's unique public benefit as a charity focused on the "betterment of society".

Endowments are invested in pools depending on time horizon of expenditures and donors' expectations:

Money market pool – expendable endowments that are budgeted to be spent in a short or medium term are invested in money market. The investment objective for this pool is to preserve capital.

Pool A – expendable endowments that have longer term horizon and permanent endowments are invested on a total return basis. The objective for this pool is to achieve a long term real return of 4.0 per cent.

FER pool – a separate investment pool for a permanent endowment to support STICERD research centre. The objective for this pool is to generate investment income.

Investment performance

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

Investment return	1 year	3 years	5 years
Money market	0.7%	0.7%	0.6%
Pool A	17.4%	9.4%	6.3%
FER	8.0%	8.7%	7.4%

Investments Sub-Committee

Established in 1989, the LSE Investments Committee is a subcommittee of the Finance Committee. It is responsible for setting the investment strategies and determining assets allocation within acceptable risk parameters to achieve the target return set by the Finance Committee. Although the strategic asset allocation is reviewed once a year, there is regular communication amongst members about the market situation between meetings to agree any tactical changes. The Investments Committee meets at least three times a year.

Asset allocation

Asset allocation for each pool as at 31 July 2013 was as follows:

	Money market		Pool A		FER	
	£'000	%	£'000	%	£'000	%
UK equities			23,734	40%	5,501	30%
Overseas equities			17,599	30%	3,319	19%
UK corporate bonds			11,442	19%	8,806	50%
Property funds			2,710	5%		–
Commodities			2,928	5%		–
Share of Freehold Property			33	–		–
Money market	16,048	100%	416	1%	110	1%
	16,048	100%	58,862	100%	17,736	100%

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

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We have audited the group and School financial statements (the "financial statements") of the London School of Economics and Political Science for the year ended 31 July 2013 which comprise: the Consolidated Income and Expenditure Account; the Group and School Balance Sheet; the Consolidated Cash Flow Statement; the Statement of Group Total Recognised Gains and Losses; the Accounting Policies and the related notes 1-31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Council and auditors

As explained more fully in the Corporate governance, internal control and Council's responsibility statement on page 41, the Council (who are also the directors of the company 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and School's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the School's affairs as at 31 July 2013 and of the group's income and expenditure, recognised gains and losses, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion:

- the statement of internal control is inconsistent with our knowledge of the School and group.



Ian Looker (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 November 2013

Academic excellence and innovation

Alfred Herrhausen Gesellschaft and Deutsche Bank have pledged £4.4 million to renew their support for Urban Age until 2018. Urban Age is an international investigation of the spatial and social dynamics of cities centred on an annual conference, research initiative and publication, which is run out of LSE Cities.

LSE Cities has also been a major beneficiary of the Andrew W Mellon Foundation, with a \$900,000 donation to support a new initiative that explores the intersection of architecture, urbanism and the humanities. The donation will fund a programme consisting of two components: the Mellon Fellowship Programme at LSE Cities, and the creation of the Urban Research Network. The first Mellon Fellow, from Africa, will start at the School in January 2014. The grant is one of only six made so far to major institutions of higher education and research through the Foundation's 2012 initiative, "Architecture, Urbanism, and the Humanities".

Continued generosity by alumnus Firoz Lalji, his wife Najma and two daughters, Farah and alumna Natasha, has meant that the School is rapidly developing its capacity to play an important role helping to establish a powerful network of leaders across Africa. Through the Firoz and Najma Lalji Family Foundation, the family have renewed their support for the School, with a donation of £625,000. This follows an earlier £1 million donation to establish a Programme for African Leadership at LSE in 2010.

The programme aims to help some of Africa's most dynamic and emerging leaders gain access to high level academic thinking and policy ideas from around the world. It also enables them to form a network of leaders who can individually and collectively have a positive developmental impact within their communities, countries and beyond.

The new pledge will be used to fund 15 full MSc scholarships for students from Uganda, Kenya, South Sudan or those who have pursued all their education prior to acceptance at LSE in sub-Saharan African countries. These students will join the world renowned MSc Development Management or MSc International Development and Humanitarian Emergencies programmes.

LSE Governor Emmanuel Roman has renewed his philanthropic support to LSE to fund the Philippe Roman Chair in History and International Relations. The annual post, which sits in LSE IDEAS, the School's centre for the study of international affairs, diplomacy and grand strategy, gives LSE the opportunity to bring renowned academics from around the world to the School for a year of research, teaching and discussion. In the 2013-14 academic year, the gift has enabled the appointment of award winning author Professor Timothy Snyder to the Chair.

Professor Timothy Snyder took up the post at LSE in October 2013 and will give four public lectures over the academic year on Eastern Europe and the world, as well as conduct a postgraduate seminar series entitled 'The Holocaust as World History'. He has written five award-winning books including *Bloodlands: Europe between Hitler and Stalin*, which has won 10 awards including the Emerson Prize in Humanities and the Leipzig Award for European Understanding.

Mr Roman established the visiting professorship in 2007, and, since that time, has enabled Professors Paul Kennedy, Chen Jian, Gilles Kepel, Niall Ferguson, Ramachandra Guha and current holder, Anne Applebaum, to enrich LSE with their knowledge and experience.

In May 2013, the Spangenberg Family Foundation, founded by alumnus Erich Spangenberg and his wife Audrey, pledged a gift of \$1million to LSE for an entrepreneurship initiative at the School. The gift will provide seed money for student business ideas as well as support for entrepreneurship activities at LSE, which is likely to include idea generation, learning and development, networking, mentoring, and incubation and support services. This complements the Foundation's existing support for an endowed scholarship at the School, given in 2011.

DIRECTORS OF THE SCHOOL AND MEMBERS OF THE COUNCIL

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Mr Peter Sutherland KCMG

Chairman of the Court and Council and Remuneration Committee

Ms Kate Jenkins

Vice Chairman

Ms Anne Lapping

Vice Chairman

Professor Dame Judith Rees

Director of the School (until 31 August 2012)

Professor Craig Calhoun

Director of the School (from 1 September 2012)

Professor George Gaskell

Pro-Director of the School

Professor Stuart Corbridge

Provost and Deputy Director of the School

Ms Alex Peters-Day (until 14 July 2013)

General Secretary of the Students' Union

Mr Jay Stoll (from 15 July 2013)

General Secretary of the Students' Union

Professor Jason Alexander

Academic Member

Professor Martin Anthony (until 31 July 2013)

Academic Member

Ms Lis Astall (until 31 July 2013)

Lay Governor

Ms Virginia Beardshaw

Lay Governor

Ms Angela Camber

Chair of Health and Safety Committee

Mr Eden Dwek (from 1 November 2012 until 19 November 2013)

Student Member

Mr Alan Elias

Chairman of Audit Committee

Dr Matthew Engelke

Academic Member

Mr Tim Frost

Deputy Chairman of Finance Committee

Mr Richard Goeltz (until 31 July 2013)

Lay Governor

Mr William Nigel Hugill

Chairman of Estates Strategy Committee

Professor Janet Hunter

Academic Member

Professor Emily Jackson (until 31 July 2013)

Academic Member

Mr James Maltz (until 31 October 2012)

Student Member

Mr Mark Molyneux

Chairman of Finance Committee

Professor Eileen Munro (until 31 July 2013)

Academic Member

Ms Harriet Spicer

Lay Governor

Members of the Council not directors of the School

Professor Janet Hartley (until 31 August 2012)

Pro Director of the School

Professor Paul Kelly (from 1 September 2012)

Pro Director of the School

Professor David Marsden (until 31 August 2013)

Academic Member, Vice-Chairman of the Academic Board

Professor Martin Loughlin (from 1 September 2013)

Academic Member, Vice-Chairman of the Academic Board

Professor David Stevenson (until 31 July 2013)

Academic Member, Vice-Chairman of Appointments Committee

Company Secretary

Ms Susan Scholefield CMG

Departments

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

Research centres

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

