



Financial Statements

2020–2021

Contents

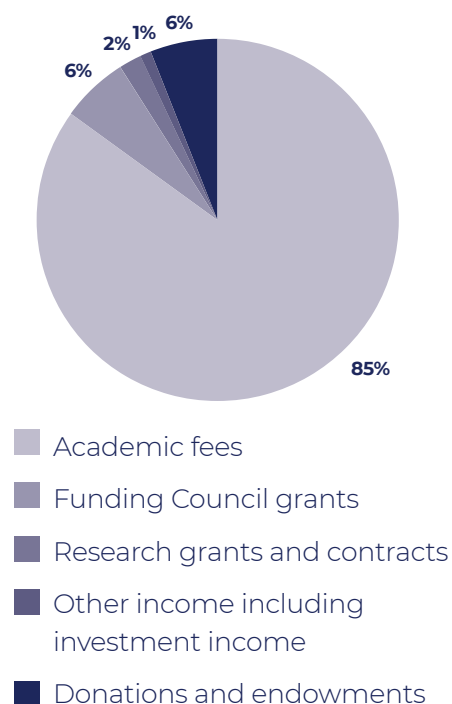
Summary of Financial Highlights	4
Statement from the Chair and the Dean	5
Corporate Governance statement	8
Statement of Internal Control	10
Statement of the Governing Body's responsibilities	11
Public Benefit statement	12
Treasurer's report	13
Independent auditor's report to the Governing Body of London Business School (the "School")	16
Consolidated and School Statement of Comprehensive Income and Expenditure	19
Consolidated and School Statement of Changes in Reserves	20
Consolidated and School Balance Sheet	21
Consolidated Cash Flow	22
Accounting policies	23
Notes to the financial statements	31
Governing Body	62
Professional advisors	63

Summary of Financial Highlights

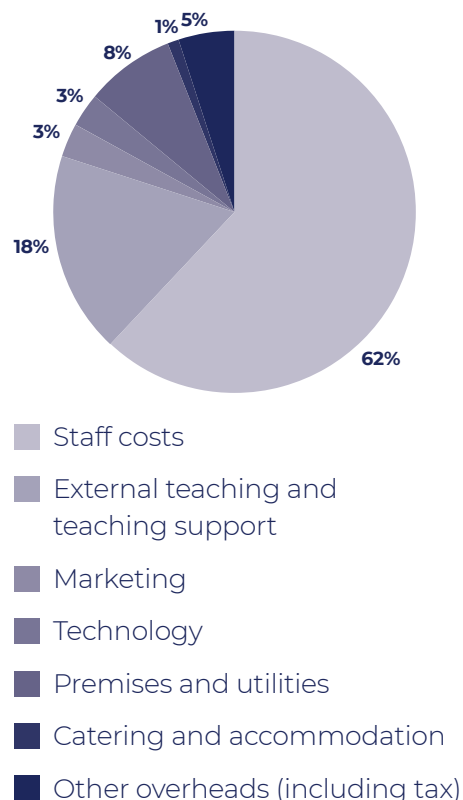
CONSOLIDATED

	2021 £'000	2020 £'000	2019 £'000
INCOME			
Academic fees	127,077	131,448	137,409
Funding Council grants	8,889	8,128	8,077
Research grants and contracts	2,436	2,250	1,879
Other income	1,401	2,858	4,550
Investment income	518	1,185	1,363
Donations and endowments	8,526	19,065	13,150
Total income	<u>148,847</u>	<u>164,934</u>	<u>166,428</u>
EXPENDITURE			
Staff costs	83,866	82,462	80,427
External teaching and teaching support	23,711	27,499	30,045
Marketing	3,683	4,702	5,084
Technology	4,663	6,658	3,797
Premises and utilities	11,417	11,173	12,273
Catering and accommodation	1,289	5,702	8,408
Other overheads (including tax)	6,660	7,926	7,271
Total operating expenditure	<u>135,289</u>	<u>146,122</u>	<u>147,305</u>
Operating surplus	<u>13,558</u>	<u>18,812</u>	<u>19,123</u>
Restructuring	509	(1,410)	-
Depreciation	(12,731)	(11,296)	(10,908)
Interest and other finance costs	(2,054)	(2,110)	(1,997)
Share in associate / joint venture	119	(164)	(76)
(Loss)/gain on investments	(679)	(3,225)	1,619
Gain on sale of tangible assets	1,733	-	-
Write off and impairment of fixed assets	-	(3,190)	-
Revaluation of land and buildings	18,598	(42,501)	11,828
Actuarial gain/ (loss) in respect of pension schemes	2,721	3,619	(21,907)
Total comprehensive income/(expense) for the year	<u>21,774</u>	<u>(41,465)</u>	<u>(2,318)</u>
BALANCE SHEET			
Non-current assets (excluding investments)	326,415	320,585	363,249
Non-current investments	55,596	56,294	51,450
Other current assets	37,574	22,907	12,868
Current liabilities	(70,744)	(118,990)	(72,175)
Long-term liabilities	(85,951)	(36,012)	(67,543)
Provisions	(38,318)	(41,986)	(43,586)
Net assets	<u>224,572</u>	<u>202,798</u>	<u>244,263</u>
Represented by:			
Endowment reserve	57,933	59,493	56,473
Restricted reserve	5,473	4,547	2,861
Unrestricted reserve - including non-controlling interests	28,186	21,655	47,709
Revaluation reserve	132,980	117,103	137,220
	<u>224,572</u>	<u>202,798</u>	<u>244,263</u>

INCOME 2021



EXPENDITURE 2021



Statement from the Chair and the Dean

Chair's statement

Throughout the year, the School continued to operate under pandemic conditions with a significant impact across all our activities. Despite this, our degree students, Executive Education participants, alumni and so many others benefited from our faculty's outstanding research and the many experiences we offered. We demonstrated, time and again, that no matter what the circumstances, we remain steadfast in our commitment to have a profound impact on the way the world does business and the way business impacts the world.

It has been a busy and challenging year for all parts of the School. I am particularly grateful to my fellow Governors for their contribution and leadership in helping establish the robust financial foundations critical to our future.

Along with that, I would like to express my gratitude and thanks to our faculty and staff for their extraordinary efforts over the year. The creativity and collaboration demonstrated by so many in our community has been an inspiration and source of pride. So, whilst the pandemic will remain challenging, we have the talent, commitment and energy to emerge stronger.

The Honourable Apurv Bagri

Chair of Governing Body
London Business School
1 December 2021

Dean's statement

London Business School achieves profound impact through academic research, degree and executive education programmes and the engagement of alumni, policymakers, business leaders and audiences around the world.

The academic year 2020/21 will be remembered as exhausting, because of the pandemic, and exhilarating, because of the many ways the LBS community came together to serve its students, participants and alumni while pursuing and delivering impactful research. Researchers stepped up in support of economic policy and healthcare delivery in several countries. Students provided support to London organisations and their home communities. Corporations sought support for their transformation. Paradoxically, at a time of pandemic-induced travel restrictions, the School expanded its global reach and impact. For example, the School's 'Beyond the crisis': an LBS webinar series attracted 100,000 viewers from around the world, and addressed a wide range of topics, from new ways of virtual working, to supporting UK business recovery, to negotiating losses in times of crisis.

Faculty research

In the autumn of 2020, the School welcomed eight new assistant professors, two each across Accounting, Finance, and Marketing, and one new member joining Strategy & Entrepreneurship and another joining Management Science and Operations. The new intake is evenly balanced in terms of gender – a palpable expression of the School's drive towards greater gender diversity. Among the awards and recognitions received by the faculty, two senior members of the faculty were elected Fellow of the British Academy: Jean-Pierre Benoît, Professor of Economics and Julian Franks, Professor and Alexander M Knaster Chair in Finance.

The School's commitment to its Ph.D. programme was not shaken by the pandemic. Across all disciplines, 17 new students started their programme online. Ten graduated and took up placements at All Soul's College, Oxford, Bilkent University, Bocconi University, the University of Bristol School of Accounting & Finance, EM-Lyon

Statement from the Chair and the Dean

continued

Business School, European Central Bank, Goethe Universität Frankfurt, Hong Kong University of Science and Technology, Koç University and Tulane University.

The Research Centres and Institutes remain a cornerstone of the School's support for interdisciplinary research and a prime vehicle whereby colleagues connect faculty, students, and alumni with the business and policy-making community to address the issues of the time, including the pandemic.

Degree students

The School welcomed its largest class ever thanks to increased candidate demand for its programmes and the unparalleled recruitment support of its graduating class and alumni. More than 300 scholarships were awarded, testament to the generosity of the School's alumni and friends and their commitment to enhance the quality and diversity of talented individuals who join the alumni community.

The London and Dubai campuses remained open throughout, whenever allowed by the relevant public authorities, offering students the option of in-class teaching. Travel restrictions precluded in-person global business immersion programmes. Instead, students benefited from week-long virtual global courses. Furthermore, students on the LondonCAP and LondonLAB courses delivered 105 projects for London-based organisations.

The academic year concluded with the graduation of 1,639 students. Of those seeking employment in full-time Early and Mid-Careers programmes, 90% secured employment within three months of graduation. The Early Careers programmes were particularly successful with the Masters in Management achieving an employment rate of 96%.

These outcomes remain in-line with the longstanding top-tier status of the School in rankings. For example, in the Financial Times rankings, the Masters in Finance retained 1st place, while the full-time MBA saw a significant rise, from 7th to 2nd place although one should recognise that this occurred during a year when some key participants shied away from the exercise. Overall, the School has held its 2nd place in Europe.

Executive Education participants

The Executive Education team worked with the School's faculty and clients to design programmes around the Covid-imposed restrictions that precluded face-to-face interactions. Pre-pandemic, the School had delivered about £1m of programmes online per year. In 2020/21, the School delivered £24.1m worth of executive education, almost entirely online with one exception in hybrid format.

Early successes from close collaboration with existing clients contributed to this result and facilitated the onboarding of new clients in support of their learning needs.

Throughout the year, the School maintained its high standard of delivery achieving an average NPS for open programmes of +69, with an average overall programme score at 4.5 out of 5. Custom programmes achieved an average NPS of +67 and programme score of 4.4 out of 5.0.

The year finished with more delivery than ever in the months of June and July as Covid restrictions began to ease.

Alumni

Travel restrictions forced a complete rethink of the approach to alumni engagement, opening new avenues to support their life-long learning journey. The long-established Worldwide Alumni Celebration (WAC) that takes place in the autumn with visits from faculty to alumni clubs around the world became a one-day online event, chasing the sun from Hong-Kong and Melbourne through Dubai and Moscow, Lagos and London to San Francisco and Santiago de Chile. Clubs themselves found new ways to gather, connect and support their members.

Alumni continued to play a determinative role in attracting and selecting prospective students. They stepped up when called upon to support the student experience, source internships and facilitate career launches.

The School extended specific efforts in support of alumni career transitions, leveraging digital technologies to offer new content and a self-paced online tool, Alumni Career Squared. This is but one

Statement from the Chair and the Dean

continued

example of investments in walking the journey with the School's alumni which was funded with philanthropic support.

A connected global community

More than 435,000 people engaged with the content of the School's thought-leadership publication, *Think at London Business School*, viewing 900,000 pages on the website. Digital subscriptions to Think went up by 36% during the year and the average time spent engaging with content - over 8 minutes per session – indicated people read it, demonstrating the relevance of evidence-based insights from the London Business School faculty.

The School's strong following on social media grew by 15% over the course of the year and now stands at over one million followers. The School enjoys particularly strong support on LinkedIn, where the follower base of over 400,000 puts it second only to Harvard amongst its global competitors.

Managing the crisis and strengthening foundations

The School community worked together to provide the resources and services that supported the research of its faculty and the engagement of students, participants, alumni and audiences around the world.

In response to the financial impact of the pandemic on its revenue, the School initiated a redundancy programme in the summer of 2020. This programme was part of a broad effort to cut costs across the organisation and re-size operations in response to the reduction of on-campus activities.

The cost-cutting effort was accompanied by a broad engagement of members of staff guided by faculty research to define new principles for work at LBS. The resulting Smart Working approach was ready for implementation when the London campus reopened in September 2021. Smart Working reduced the required estate footprint of the School and opened the door to the sale of three ancillary office properties near Sussex Place in London.

Over the course of the year, the School continued to evolve its well-being offering, mindful of the pandemic and its heavy toll on all members of the community. Regular pulse surveys provided insights and guidance to adapt the offer over the course of the year. A provision for school-wide coordinated protected time proved particularly effective as well as regular well-being webinars.

Special efforts were made to advance the diversity-inclusion-belonging agenda with tangible progress including the launch of new student clubs: Black in Business and First-generation Low and Intermediate Income clubs; new employee-support networks: Black Employee Network, Pride@LBS and Parents & Carers Network; in addition to specific support and flexibility for parents and carers.

The School emerged from 2020/21 with strong financial foundations following the successful refinancing of its Covid Corporate Financial Facility (CCFF) with long-term private debt and the successful sale of no-longer needed office properties near Sussex Place.

The pandemic opened new ways of working and new ways of serving students, participants, alumni and audiences around the world. The talent and momentum are there. Continued improvement to the School's financial performance and successful philanthropy will fuel its collective ambition.

Onwards, with deep gratitude for the talent and energy so many contributed during this pandemic year, looking forward together to a bright future

François Ortalo-Magné

Dean

London Business School

1 December 2021

Corporate Governance statement

The School is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the School's Governing Body has adopted the voluntary Higher Education Code of Governance published by the Committee of University Chairs in September 2020. The School's practices are consistent with the provisions of the code.

The School's Governing Body is ultimately responsible for the School's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The School's Governing Body comprises lay and academic persons and a student association representative, appointed under the statutes of the School, the majority of whom are non-executive. Vacancies for non-executive members of the Governing Body are advertised publicly and the recruitment procedure takes full account of the School's equality and diversity policies. The role of Chair of Governing Body is separated from the role of the School's chief executive, the Dean. The role of Treasurer is undertaken by the Chief Financial Officer. The matters specifically referred to the Governing Body for decision are set out in the statutes of the School. As is the custom, and under the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students, the Governing Body holds itself responsible for the ongoing strategic direction of the School. It approves major developments and receives regular reports from executive officers on the day-to-day operations of the School's business and its associated companies.

The Governing Body met five times during the 2020/21 financial year. It has four committees: an Audit and Risk Committee, a Finance Committee, a Governance and Nominations Committee and a Remuneration Committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members, one of whom is Chair.

The Audit and Risk Committee's role in corporate governance is to provide a high level review of the internal control arrangements of the School and report on this to the Governing Body. It meets at least three times annually with internal auditors and at least once a year with external auditors to discuss audit findings and recommendations for the improvement of the School's system of internal control, together with management's responses and implementation plans. It also receives and considers reports from the Office for Students as they affect the School's business, and monitors adherence to the regulatory requirements, (which includes ensuring funds have been properly applied in accordance with relevant regulation or legislation). Senior executives attend meetings of the Audit and Risk Committee, but are not members of the committee. The committee has the option of meeting the external and internal auditors on their own for independent discussions.

The Finance Committee recommends the School's annual budget to the Governing Body, monitors performance in relation to the approved budgets, oversees the School's debt and investment portfolio and strategy and advises the Governing Body on the effect of strategic decisions on the financial health of the School. The committee seeks assurance that the financial resources of the School meet its present and future needs.

The Governance and Nominations Committee is responsible for making recommendations on the membership of the Governing Body and its committees and for advising the Governing Body on the operation and effectiveness of its corporate governance arrangements.

The Remuneration Committee determines the annual remuneration of senior staff, including the Dean.

The Governing Body is satisfied that there is an ongoing process for identifying, evaluating and managing the School's significant risks, that it has been in place for the year ended 31 July 2021 and up to the date of approval of the financial statements, that it is regularly reviewed by the Governing Body and that

Corporate Governance statement

continued

accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

Senior management receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms embedded within the operational units. Managers are required to identify and assess risks in their operational units as part of the corporate planning process.

The Dean and the Audit and Risk Committee also receive regular reports from the internal audit services including recommendations for improvement. The Internal Auditors have not reported any significant findings from the audit work which they carried out during the year.

The Audit and Risk Committee's role in the area of risk management consists of a high level review of the arrangements for internal control and the consideration of reports from senior management on risk and control. The Governing Body's agenda also includes a regular item for consideration of risk and control and receives reports thereon from senior management and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its July 2021 meeting an assessment for the year ended 31 July 2021 was carried out upon receipt of documentation from senior management and the Audit and Risk Committee. At the meeting held in November 2021, further assurance on risk and control was given to the Governing Body by senior management and the Audit and Risk Committee to enable the annual assessment for the year ended 31 July 2021 to take place. This assessment took into account events since 31 July 2021.

The Governing Body has approved management's assessment of the risks to which the School is exposed. This assessment has identified the types of risk, prioritising them in terms of potential impact and likelihood of occurrence. As part of the School's risk management process the Governing Body, through its

Audit and Risk Committee, has ensured that internal controls are in place, and has satisfied itself that these controls are currently adequate to manage and reduce the risks identified.

Reviewing risk is an ongoing part of the governance of the School. Assessing the risks, managing the risks and ensuring that adequate internal controls are in place will continue to be an ongoing priority of the School's management team and the Governing Body.

The Corporate Governance statement applies throughout the 2020/21 financial year and up to the date of approval of the financial statements.

Statement of internal control

The Governing Body is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which the Governing Body is responsible, in accordance with the responsibilities assigned to it in the School's Charter and Statutes and the Office for Students (OfS) Terms and Conditions of Funding for Higher Education Institutions and the Terms and Conditions of the Research England Grant.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks; to evaluate the nature and extent of those risks; and to manage them efficiently and effectively. This process was in place for the year ended 31 July 2021 and up to the date of the approval of the financial statements, and accords with OfS guidance and there were no significant control weaknesses that should be disclosed.

The Governing Body has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Governing Body considers the plans and strategic direction of the School on an annual basis.
- The Audit and Risk Committee independently reviews the effectiveness of internal control systems and the risk-management process.
- The Governing Body receives periodic reports from the Audit and Risk Committee concerning issues of risk, internal controls and their effectiveness.
- The Audit and Risk Committee reports to Governing Body its findings in respect of the effectiveness of the risk-management process.

- The Audit and Risk Committee receives regular reports from the Internal Auditors, which include the internal auditors' independent opinion on the adequacy and effectiveness of internal control and risk management with recommendations for improvement.
- The Management Board is responsible for approval of the School's corporate risk register.
- The Senior Management Team is responsible for the in-year review of the risk register and for monitoring the effectiveness of the mitigating actions set out in the register.
- The School has developed a suite of key performance indicators (KPIs), allowing the Governing Body to monitor progress towards the achievement of strategic objectives.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the internal auditors.

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the senior management and the risk owners within the School, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Internal Control statement applies throughout the 2020/21 financial year and up to the date of approval of the financial statements.

Statement of the Governing Body's responsibilities

The Governing Body is responsible for preparing the financial statements in accordance with the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students and applicable law and regulations.

The Governing Body is required to prepare group and parent School financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Terms and Conditions for Funding of Higher Education Institutions further requires the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education. The Governing Body is required to prepare financial statements that give a true and fair view of the state of affairs of the group and parent School and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent School financial statements, the Governing Body or the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent School or to cease operations, or have no realistic alternative but to do so.

The Governing Body is responsible for keeping adequate accounting records that are sufficient to show and explain the parent School's transactions and disclose with reasonable accuracy at any time the financial position of the parent School and enable them to ensure that its financial statements comply with relevant legislation and other relevant accounting standards. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the School's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BY ORDER OF THE GOVERNING BODY

Richard Frost

Secretary
1 December 2021

Public Benefit statement

London Business School was incorporated by Royal Charter on 8 July 1986. It was granted exempt charity status by the Exempt Charity Order 1996 in force from 1 August 1996. The School's Governing Body has had due regard to the Charity Commission's guidance on public benefit and has taken reasonable steps to ensure that this guidance has been considered in the activities undertaken by the School to deliver its charitable purposes.

The objects of London Business School as set out in its Royal Charter are "to advance education and learning in business and management studies and such other fields as may from time to time be decided upon by the School and to carry out research in said fields of knowledge and learning and publish the useful results of such research".

London Business School's aim is to ensure that its student body is balanced and diverse in terms of background and experience, with all the educational and cultural benefits that this brings. Applications are encouraged from all those with the motivation and academic ability to thrive at the School, whatever their background.

As set out in its Corporate Plan for the five year period to 2025/26 the School is committed to generating endowment and expendable income through fundraising activity to create student scholarships, with the ultimate goal of ensuring that no potential student is prevented from applying for a place on its programmes for financial reasons.

A range of scholarships and bursaries are currently available to degree programme students including specific financial needs bursaries.

The School invests in a Financial Aid function to assist prospective students identify the most suitable form of loan financing.

The School invests in a PhD programme in order to provide a continuing supply of Faculty and to continue to develop management education.

The research produced by the School's Faculty is published in publicly available academic journals and is made available through LBS Research Online, the School's Open Access repository. Working papers by Faculty are also freely available on the School's website. The results of the research carried out by Faculty are disseminated through a series of conferences, seminars, publications and other outreach activities, funded by the School's own resources and its allocation from Research England's Higher Education Innovation Fund.

Treasurer's report

Financial sustainability and going concern

The School commenced the year in a strong liquidity position, having arranged funding under the HM Treasury and Bank of England COVID Corporate Financing Facility ("CCFF"). Commercial paper of £50m was issued under this facility in July 2020.

On 24 February 2021 the School secured new long-term funding of £50m under a private placement with MetLife and Legal & General. The funds under this arrangement were drawn for the purpose of repaying the £50m borrowed under the CCFF in July 2020 which matured on 9 March 2021. The new long-term funding matures in 2041 (£25m), 2049 (£5m), 2056 (£10m) and 2061 (£10m). This debt is unsecured and has an annual fixed composite interest rate on issuance of 2.16%. The covenant obligations of this debt comprise an annual gearing covenant and a quarterly liquidity covenant.

As part of arranging this long-term funding and dealing with the continued uncertainty arising from the pandemic, the School arranged for its revenue covenant to be removed (previously waived at 31 July 2020), and for the gearing covenant to be amended at the next two measurement dates of 31 July 2021 and 2022.

The School continues to have the benefit of a £40m revolving credit facility provided by its bankers which expires on 31 July 2024, as well as an overdraft facility of £5m to assist with any short term liquidity requirements.

There is still an element of uncertainty around the financial outcome for the years to 31 July 2022 and 2023 due to the ongoing impact of the COVID-19 pandemic, particularly with respect to travel restrictions. The forecast for this period has been sensitised to a severe but plausible worse case scenario, with Executive Education revenue being in 2021/22 by 25% from 2020/21. Under this scenario there is a forecast breach of a financial covenant. In the event of this scenario being probable the School would exercise mitigating actions to ensure that all debt covenants are met.

As part of the School's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, the School has:

- Prepared detailed financial forecasts and estimates of income, expenditure and cash flows for the period to 31 July 2023, sensitised to reflect uncertainties in revenue as a result of the ongoing impact of the pandemic.
- Prepared a high-level forecast of income, expenditure and cash flows for the period to 31 July 2026.
- Calculated and reviewed debt covenants based on the forecasts for the five year period from the balance sheet date, to ensure that these will not be breached under the current five year forecast under both the base and the worse case. This review takes account of any mitigating actions.

The School is satisfied that it has sufficient liquidity with adequate headroom for it to continue to operate for the foreseeable future.

Governing Body has determined that the actions that the School's management has taken, particularly with respect to securing the long term funding, are sufficient to mitigate the uncertainty. Governing Body has a reasonable expectation that the School has adequate resources to continue to operate for the foreseeable future and will have sufficient funds to meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements. The School has therefore prepared the financial statements on a going concern basis.

Scope of the financial statements

The consolidated financial statements are prepared in accordance with applicable accounting standards and comprise the results of London Business School and its subsidiaries.

London Business School is the parent of London Business School Trading Company Limited and London Business School Trust Company Limited (a dormant company). London Business School Trust Company Limited is the parent of London Business School Anniversary Trust ('the Trust'), which in turn is the parent of Centre for Management Development Company Limited ('CMD'). The consolidated financial statements are referred to as the School's financial statements throughout.

Treasurer's report *continued*

CMD undertakes activities that are more appropriately channeled through a limited company and donates profits to the Trust under gift aid. The Trust in turn donates money to the School to support investment in faculty, research, technology, estates and fundraising. The financial statements of the Trust have been prepared under the relevant Statement of Recommended Practice "Charities SORP (FRS102)" issued in 2019 and the Charities Act 2011.

Results for the year

A summary of the School's results for the year to 31 July 2021 is as follows:

	2021	2020
	£'000	£'000
Income	148,847	164,934
Operating expenditure*	<u>(135,289)</u>	<u>(146,122)</u>
Operating surplus	13,558	18,812
Restructuring costs	509	(1,410)
Depreciation and amortisation	(12,731)	(11,296)
Interest and other finance costs	(2,054)	(2,110)
Share of gain/(loss) in associate	119	(164)
Loss on investments	(679)	(3,225)
Gain on sale of tangible fixed assets	1,733	-
Write off and impairment of fixed assets	-	(3,190)
Revaluation of land and buildings**	18,598	(42,501)
Pension fund actuarial gain	<u>2,721</u>	<u>3,619</u>
Total comprehensive income / (expense) for the year	<u>21,774</u>	<u>(41,465)</u>

* Staff costs and other operating expenses.

** The revaluation of land and buildings reflects a revaluation of £17m and a write-back of depreciation of £2m.

In line with many organisations, the pandemic continued to have an impact on the School's activities, in particular Executive Education.

Income in the year decreased from £165m to £149m. Fees from Degree programmes grew from £97m to £100m; Executive Education Open

programme revenues decreased from £13m to £9m; and Executive Education Custom programme revenues decreased from £18m to £16m. Income from other sources including Funding body grants, research grants, investments and catering decreased from £18m to £15m. Cash from donations decreased from £19m to £9m.

Operating expenditure in the year decreased by £11m which was primarily driven by reductions in direct costs as a result of the reduced revenue as well as the continued focused reduction in certain overheads.

The School has a policy of revaluing its freehold and long leasehold buildings on an annual basis. The valuation is performed by an external firm of chartered surveyors. As at 31 July 2021, the value of the property portfolio increased by £13m, after taking account of two properties sold during the year with a value of £4m. Proceeds of £5m were received from the sale of these properties. The valuation of the property portfolio at 31 July 2021 was £270m compared to £257m at 31 July 2020.

Cash and borrowings

As noted above, the School secured new long-term funding of £50m under a private placement agreement with MetLife and Legal & General. The £35m note purchase agreement with MetLife remained in place, giving total borrowings at the year-end of £85m.

Overall, the School had access to £45m of bank facilities through the £40m revolving credit facility and £5m bank overdraft, which were both undrawn at 31 July 2021.

As at 31 July 2021, the School held an actual cash balance of £25m compared with an opening cash balance of £13m.

Investments

The School's investment portfolio is managed by an external fund manager, BlackRock Asset Management. The School also invests in a student loan funding scheme, Prodigy Finance.

The market value of the investment portfolio at the year-end was £55m compared with £56m at the last year-end reflecting an investment of £1.6m, capital distribution and net loss on revaluation in the year.

In May 2020, the School divested its equity portfolio due to uncertainty caused by the pandemic, and the proceeds were held as cash in the BlackRock portfolio alongside the investment in gilts. This was in order to protect the endowment during this period of economic uncertainty. Subsequent to the year end the portfolio cash was reinvested into equity.

Pensions

The School participates in two open pension schemes; USS and a defined contribution scheme provided through Scottish Widows.

In relation to the USS pension scheme, the 2020 triennial actuarial valuation of the scheme was formerly completed after 31 July 2021 with an effective date of 1 October 2021. As a result, the USS pension provision as at 31 July 2021 is calculated in line with the 2018 triennial actuarial valuation plan.

The 2020 valuation has come into effect with a dual rate of contributions, these will be subject to members consultation and will be dependent on the level of future benefits agreed upon. Note 35 provides further details. Under this new valuation the provision that the School will be required to account for will increase from £15m to either £45m or £70m.

Reserves

Reserves have increased from £203m to £225m. The unrestricted reserve increased by £6m due positive results for the year. The increase in the revaluation reserve of £16m is attributable to the valuation of the School's freehold and leasehold properties which had previously been valued above cost. The endowment and restricted reserves decreased by £1m due to a distribution and market loss on investments.

Alison Brownhill

Chief Financial Officer and Treasurer
1 December 2021

Independent auditor's report to the Governing Body of London Business School (the 'School')

Report on the audit of the financial statements

Opinion

In our opinion, London Business School's group financial statements and School financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the School's affairs as at 31 July 2021 and of the group's and of the School's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Consolidated and School Balance Sheets as at 31 July 2021; the Consolidated and School Statement of Comprehensive Income and Expenditure, the Consolidated and School Statement of Changes in Reserves, and the Consolidated Cash Flow for the year then ended; the Accounting Policies; and the notes to the financial statements.

Basis for opinion

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

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial

statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group and School's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Governing Body is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement

Independent auditor's report to the Governing Body of London Business School (the 'School')

continued

of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Governing Body for the financial statements

As explained more fully in the Statement of the Governing Body's responsibilities set out on page 11, the Governing Body is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Governing Body is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the group and School's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the group and School or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the institution/industry, we identified that the principal risks related to the Office for Students ongoing conditions of registration, and the Office for Students' Accounts Direction (OfS 2019.41), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Office for Students' Accounts Direction (OfS 2019.41). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the manipulation of key accounting judgements and estimates. Audit procedures performed included:

- enquiry of management and the members of the Governing Body, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reading minutes of meetings of the Governing Body and subcommittees, including the Audit and Risk Committee;
- reviewing terms and conditions of significant contracts;
- reviewing correspondence with regulators including the Office for Students and UK Research and Innovation (including Research England);
- understanding and evaluating the Group's control environment;
- testing of journal entries where we identified particular risk criteria;

Independent auditor's report to the Governing Body of London Business School (the 'School')

continued

- assessing the reasonableness of key accounting judgements and estimates including USS and SPS pension accounting and the valuation of land and buildings; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Governing Body as a body in accordance with the Charters and Statutes of the School and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, 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.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matter:

- The School's grant and fee income, as disclosed in note 3 to the financial statements, has been materially misstated; or

We have no matters to report arising from this responsibility.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London
2 December 2021

Consolidated and School Statement of Comprehensive Income and Expenditure

Year ended 31 July 2021

		Consolidated		London Business School	
	Note	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	127,077	131,448	111,271	113,138
Funding body grants	2	8,889	8,128	8,889	8,128
Research grants and contracts	4	2,436	2,250	2,436	2,250
Other income	5	1,401	2,858	6,675	10,950
Investment income	6	518	1,185	3	17
Total income before endowments and donations		140,321	145,869	129,274	134,483
Donations and endowments	7	8,526	19,065	11,327	21,682
Total income		148,847	164,934	140,601	156,165
Expenditure					
Staff costs	8	83,866	82,462	77,782	75,533
USS provision movement	8,23,31	(1,118)	(12,318)	(1,118)	(12,318)
Restructuring costs	8,23	(509)	1,410	(509)	1,410
Other operating expenses	10	51,423	66,850	49,614	63,594
Depreciation and amortisation	12,13	12,731	11,296	12,731	11,296
Interest and other finance costs	9	2,054	2,110	2,062	2,143
Total expenditure		148,447	151,810	140,562	141,658
Surplus before other (losses), gains and share of gain of associate/joint venture		400	13,124	39	14,507
Revaluation gain/(impairment) of property	13	2,480	(22,384)	2,480	(22,384)
Gain on sale of tangible fixed assets	13	1,733	-	1,733	-
Loss on investments	16	(679)	(3,225)	-	-
Share of gain/(loss) in associate/joint venture	17	119	(164)	-	-
Surplus/(Deficit) before tax		4,053	(12,649)	4,252	(7,877)
Taxation	11	-	-	-	-
Surplus/(Deficit) for the year		4,053	(12,649)	4,252	(7,877)
Unrealised surplus/(deficit) on revaluation of land and buildings	13	16,118	(20,117)	16,118	(20,117)
Actuarial gain/(loss) in respect of pension schemes	31	1,603	(8,699)	1,603	(8,699)
Total comprehensive income/(expense) for the year		21,774	(41,465)	21,973	(36,693)
Represented by:					
Endowment comprehensive (expense)/income for the year		(1,560)	3,020	-	-
Restricted comprehensive income for the year		926	1,686	-	-
Unrestricted comprehensive income/(expense) for the year		6,171	(25,890)	5,855	(16,576)
Revaluation reserve comprehensive income/(expense) for the year		16,118	(20,117)	16,118	(20,117)
Attributable to the School		21,655	(41,301)	21,973	(36,693)
Attributable to the non-controlling interest		119	(164)	-	-
		21,774	(41,465)	21,973	(36,693)
Surplus/(Deficit) for the year attributable to:					
Non controlling interest		119	(164)	-	-
School		3,934	(12,485)	4,252	(7,877)

All items of income and expenditure relate to continuing activities
The notes on pages 31-61 form part of these financial statements.

Consolidated and School Statement of Changes in Reserves

Year ended 31 July 2021

CONSOLIDATED

	Income and expenditure account			Revaluation reserve	Total excluding non-controlling interest	Non-controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£'000	£'000	£'000	£'000			£'000
Balance at 1 August 2019	56,473	2,861	47,345	137,220	243,899	364	244,263
Surplus/(deficit) from the income and expenditure statement	3,020	1,686	(17,191)	-	(12,485)	(164)	(12,649)
Other comprehensive expense	-	-	(8,699)	(20,117)	(28,816)	-	(28,816)
	<u>3,020</u>	<u>1,686</u>	<u>(25,890)</u>	<u>(20,117)</u>	<u>(41,301)</u>	<u>(164)</u>	<u>(41,465)</u>
Balance at 1 August 2020	59,493	4,547	21,455	117,103	202,598	200	202,798
Surplus/(deficit) from the income and expenditure statement	(1,560)	926	4,568	-	3,934	119	4,053
Transfers between revaluation and income and expenditure reserve	-	-	241	(241)	-	-	-
Other comprehensive income	-	-	1,603	16,118	17,721	-	17,721
Total comprehensive income/(expense) for the year	<u>(1,560)</u>	<u>926</u>	<u>6,412</u>	<u>15,877</u>	<u>21,655</u>	<u>119</u>	<u>21,774</u>
Balance at 31 July 2021	<u>57,933</u>	<u>5,473</u>	<u>27,867</u>	<u>132,980</u>	<u>224,253</u>	<u>319</u>	<u>224,572</u>

SCHOOL

	Income and expenditure account			Revaluation reserve	Total excluding non-controlling interest	Non-controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£'000	£'000	£'000	£'000			£'000
Balance at 1 August 2019	-	-	26,578	137,220	163,798	-	163,798
(Deficit) from the income and expenditure statement	-	-	(7,877)	-	(7,877)	-	(7,877)
Other comprehensive expense	-	-	(8,699)	(20,117)	(28,816)	-	(28,816)
	<u>-</u>	<u>-</u>	<u>(16,576)</u>	<u>(20,117)</u>	<u>(36,693)</u>	<u>-</u>	<u>(36,693)</u>
Balance at 1 August 2020	-	-	10,002	117,103	127,105	-	127,105
Surplus from the income and expenditure statement	-	-	4,252	-	4,252	-	4,252
Transfers between revaluation and income and expenditure reserve	-	-	241	(241)	-	-	-
Other comprehensive income	-	-	1,603	16,118	17,721	-	17,721
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>6,096</u>	<u>15,877</u>	<u>21,973</u>	<u>-</u>	<u>21,973</u>
Balance at 31 July 2021	<u>-</u>	<u>-</u>	<u>16,098</u>	<u>132,980</u>	<u>149,078</u>	<u>-</u>	<u>149,078</u>

The notes on pages 31-61 form part of these financial statements.

Consolidated and School Balance Sheet

31 July 2021

	Notes	Consolidated		London Business School	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Non-current assets					
Intangible assets	12	917	777	917	777
Tangible assets	13	325,459	319,769	325,459	319,769
Heritage assets	14	39	39	-	-
Non-current investments	16	55,277	56,094	10	10
Investments in associate and joint venture	17	319	200	-	-
		<u>382,011</u>	<u>376,879</u>	<u>326,386</u>	<u>320,556</u>
Current assets					
Stock	18	55	96	55	96
Trade and other receivables	19	12,218	10,152	7,144	8,059
Cash and cash equivalents	27	25,301	12,659	25,289	12,645
		<u>37,574</u>	<u>22,907</u>	<u>32,488</u>	<u>20,800</u>
Current liabilities					
Creditors: amounts falling due within one year	20	<u>(70,744)</u>	<u>(118,990)</u>	<u>(85,527)</u>	<u>(136,253)</u>
Net current liabilities		<u>(33,170)</u>	<u>(96,083)</u>	<u>(53,039)</u>	<u>(115,453)</u>
Total assets less current liabilities		<u>348,841</u>	<u>280,796</u>	<u>273,347</u>	<u>205,103</u>
Creditors: amounts falling due after more than one year	21	(85,951)	(36,012)	(85,951)	(36,102)
Provisions					
Provisions	23	<u>(38,318)</u>	<u>(41,986)</u>	<u>(38,318)</u>	<u>(41,986)</u>
Total net assets		<u>224,572</u>	<u>202,798</u>	<u>149,078</u>	<u>127,105</u>
Restricted Reserves					
Income and expenditure reserve – endowment reserve	25	57,933	59,493	-	-
Income and expenditure reserve – restricted reserve	26	5,473	4,547	-	-
		<u>63,406</u>	<u>64,040</u>	<u>-</u>	<u>-</u>
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		27,867	21,455	16,098	10,002
Revaluation reserve		132,980	117,103	132,980	117,103
		<u>160,847</u>	<u>138,558</u>	<u>149,078</u>	<u>127,105</u>
Non-controlling interest		319	200	-	-
Total reserves		<u>224,572</u>	<u>202,798</u>	<u>149,078</u>	<u>127,105</u>

The financial statements were approved by the Governing Body on 30 November 2021 and were signed on its behalf on 1 December 2021 by:

The Honourable Apurv Bagri
Chair of Governing Body

François Ortalo-Magné
Dean

The notes on pages 31-61 form part of these financial statements.

Consolidated Cash Flow

Year ended 31 July 2021

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		4,053	(12,649)
Adjustment for non-cash items			
Depreciation and amortisation	12,13	12,731	11,296
Deferred capital grants released	2	(173)	(239)
Loss on investments	16	679	3,225
(Gain) on sale of tangible fixed assets	13	(1,733)	-
(Surplus)/Loss on impairment and previously revalued property	13	(2,480)	22,384
Asset write off and impairment	13	-	3,190
(Increase)/Decrease in stock	18	41	(23)
(Increase)/Decrease in debtors	19	(2,104)	707
Increase/(Decrease) in creditors	20,21	1,223	(409)
(Decrease) in USS pension provision	23,31	(1,118)	(12,318)
(Decrease)/Increase in restructuring provision	23	(901)	1,410
Utilisation of restructuring provision	23	(509)	-
Share of operating (surplus)/loss in associate	17	(119)	164
Adjustment for investing or financing activities			
Investment income receivable	6	(518)	(1,185)
Interest payable	9	2,054	2,110
Endowment income	7	(651)	(8,153)
Net cash inflow from operating activities		<u>10,475</u>	<u>9,510</u>
Cash flows from investing activities			
Payments made to acquire fixed assets	13	(3,617)	(17,036)
Receipt from proceeds of sale of tangible fixed assets		5,387	-
Payments of non-current asset investments	16	(1,550)	(47,831)
Sales proceeds of non-current asset investments	16	-	37,331
Prodigy capital distribution	16	1,688	2,267
Capital grant receipts	20	150	145
Investment income	6	556	1,469
		<u>2,614</u>	<u>(23,655)</u>
Cash flows from financing activities			
Interest paid	9	(1,098)	(1,501)
Endowment cash received	7	651	8,153
New loans	20,21	50,000	50,000
Loan repayments	20,21	(50,000)	(31,500)
		<u>(447)</u>	<u>25,152</u>
Increase in cash and cash equivalents in the year		<u>12,642</u>	<u>11,007</u>
Cash and cash equivalents at beginning of the year	27	12,659	1,652
Cash and cash equivalents at end of the year	27	25,301	12,659

The notes on pages 31-61 form part of these financial statements.

Accounting policies

(a) Basis of preparation

The Consolidated and School financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the current Accounts Direction issued by the Office for Students (OfS), the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students and the Terms and Conditions of Research England Grant.

The preparation of financial statements under FRS102 requires judgements, estimates and assumptions to be made that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are discussed below.

Estimates

- Recoverability of debtors - the provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

- Pension scheme liabilities - the School has relied upon the estimates from a third party Actuary or used assessment tools provided by the pension provider.

USS - the provision assessment for the Universities Superannuation Scheme ("USS") provision recognises that it is a multi-employer scheme for entities not under common control and represents an industry-wide scheme. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The provision is based on agreed rates and management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount.

SPS - The provision assessment for the closed London Business School Pension & Assurance Scheme ("SPS") provision recognises that it is a single employer scheme. The School commissioned the Scheme's actuarial firm to provide an assessment of the discounted fair value of the Scheme. The provision is based on the actuarial valuation and the latest assumptions of mortality, inflation, future increases in pension and discount rate.

Refer to note 31 for further details.

- Property valuation – the School has relied upon the estimates from a third party Chartered Surveyor to provide an assessment of the value of the properties used by the School in the course of its business. The valuation is based on estimates of usable floor space, yield and discount rates. Refer to note 13 for further details.

- Useful lives of non-current intangible and tangible assets – property, plant and equipment represent a significant proportion

Accounting policies *continued*

of the School's total assets. As a result, the estimated useful lives can have a significant impact on the depreciation charged and the School's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are shown in note 13.

Judgements

- Pension liabilities – USS – the governors are satisfied that USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.
- Income recognition – revenues are subject to judgement over when and by how much revenues should be recognised in the financial statements. This includes determining when performance criteria have been met, recognising research and other funding revenues in line with expenditure once a right to the funding is deemed to have arisen, and determining the revenues associated with partially delivered courses where the activities have not been fully completed at the reporting date.

(b) Basis of consolidation

The consolidated financial statements include London Business School ("The School") and all its subsidiaries for the financial year to 31 July. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements also include the School's investment in the Global Entrepreneurship Research Association ("GERA") and Newton Venture Education Limited ("Newton"). The investments are based upon the voting rights of the members – GERA (25%) and Newton (50%). The year-end date for these two entities is 31 December. This differs from that of the School because their main business

operations revolve around the 12 month period January to December, which, in the opinion of the Governing Body, provides a true and fair view of the financial statements. The consolidated statements include the School's share of the operating result of the unaudited interim financial statements of GERA and Newton for the period from 1 January to 31 July.

The consolidated financial statements do not include the income and expenditure of the London Business School Student Association, as the School does not exert control or dominant influence over policy decisions.

(c) Going concern

The School continues to adopt the going concern basis in preparing these financial statements. In coming to this conclusion, the School has undertaken the following actions:

- Prepared detailed financial forecasts and estimates of income, expenditure and cash flows for the period to 31 July 2023, sensitised to reflect uncertainties in revenue as a result of the ongoing impact of the COVID-19 pandemic.
- Prepared a high-level forecast of income, expenditure and cash flows for the period to 31 July 2026.
- Calculated and reviewed debt covenants based on the forecasts for the five year period from the balance sheet date, to ensure that these will not be breached under the current 5 year forecast. Under the worse case scenario there is a forecast debt covenant breach, however, in the event of this scenario being probable, the School would exercise mitigating actions.
- Considered the liquidity position of the School, ensuring sufficient headroom is available under the facilities currently in place, and taking account of the long-term funding secured in February 2021.

Based on their review of all of the above, the Governing Body believes that the School is well placed to manage its business risks effectively, despite the continued uncertain economic situation. The Governing Body has a reasonable

expectation that the School has adequate resources to continue in operational existence for the foreseeable future, and will have sufficient funds to meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements.

Governing Body is not aware of any material uncertainties which would prevent the School from continuing as a going concern.

(d) Income recognition

Tuition fees and education contracts

Tuition fee and education contracts income is stated gross of any expenditure which is not a discount and credited to the Consolidated and School Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Scholarships are accounted for gross as expenditure and not deducted from income. Where payments have been received in respect of courses that have not started by the year-end, these are included as deferred income within creditors on the balance sheet.

Grant funding

Grant funding including funding body grants and research grants are recognised as income when the School is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Donations and endowments with donor imposed restrictions are recognised in income when the School is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to unrestricted reserves through a reserve transfer.

Donations and endowments with no restrictions are recognised in income when the School receives the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

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

- i. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the School.
- ii. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the School has the power to use the capital.
- iii. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.
- iv. Restricted reserve - the donor has specified a particular objective and the School has the power to use the funds.

Increases or decreases in the value arising on the revaluation or disposal of assets are shown as gains/losses on investments on the Consolidated Statement of Comprehensive Income and Expenditure. Increases or decreases relating to the Endowment Reserve are credited/debited to the relevant Endowment Reserve as part of the overall allocation.

(e) Accounting for retirement benefits

The School contributes to two defined benefit schemes and one defined contribution scheme:

- The London Business School Pension & Assurance Scheme ("SPS") is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The SPS closed to new members from 1 August 2004 and to current members from 1 August 2010.

The difference between the fair value of the assets held in this pension scheme and the liabilities of the pension scheme, measured on an actuarial basis using the projected unit method, is recognised in the School's

Accounting policies *continued*

balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the School is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. Changes in the pension scheme's asset or liability arising from factors other than cash contribution by the School are charged to the income and expenditure account.

- The School participates in the Universities Superannuation Scheme ("USS"). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The School is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the School therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure statement represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities

not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in income and expenditure in accordance with section 28 of FRS 102. The Governing Body is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

- The School contributes to a defined contribution scheme, provided through Scottish Widows. Defined contribution scheme costs are charged to the income and expenditure account as they are incurred.

(f) Operating leases

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

(g) Foreign currency

Transactions in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains and losses on translation are reflected in the income and expenditure account.

(h) Intangible and tangible assets

Intangible and tangible assets costing more than £3,000 are capitalised. All assets are stated at cost or in the case of freehold/leasehold at valuation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Intangible assets

Intangible assets, including development of software, website and digital assets for programmes, are capitalised when the recognition criteria set out in FRS102 section 18 are met.

They are measured at cost less any accumulated amortisation and accumulated impairment losses.

Tangible assets

Tangible assets consist of a number of categories which are detailed further below.

Land and Buildings

Freehold and long leasehold land and buildings are re-valued on the basis of existing use. This is detailed in note 13. Depreciation and impairment losses are subsequently charged on the revalued amount.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits.

Building improvements

Capital refurbishment, other than separately identifiable items of plant and equipment, is classified as building improvements.

Plant and Equipment

Single items of plant and equipment costing £3,000 or more, or multiple items of plant and equipment whose functionality is intrinsically linked and which together cost £3,000 or more, are capitalised as plant and equipment assets.

Costs capitalised include those that are required to bring the assets to the location and condition necessary for them to operate in the manner intended.

Service concession arrangements

Fixed assets held under service concession arrangements are recognised at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service

costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

These assets are depreciated over the life of the initial agreement.

Heritage assets

The School does not ordinarily capitalise its heritage assets due to the difficulty associated with valuing them. A small number of pictures which are able to be valued has been capitalised and the value is disclosed within fixed assets. Heritage assets are not depreciated as their long economic life mean that any depreciation would not be material.

The artworks located on site currently are from a variety of sources. Some are owned by the School whilst others are on loan. All artwork is insured and the cover annually reviewed.

Assets in the course of construction

Assets in the course of construction and assets held for future use are accounted for at cost and are capitalised as incurred but are depreciated only when the individual asset is operational.

Depreciation rates

All assets are depreciated in line with their expected useful lives using the straight line method at the following rates:

	Annual rates of depreciation
Land	no depreciation
Freehold buildings	2 %
Leasehold buildings	period of lease
Building improvements	10%
Specialised fit out (included within building improvements)	period of lease
Plant and equipment	10-33%
Service concession assets	period of lease
Intangible assets	20-50%

A full month's depreciation is charged in the month of purchase and no depreciation is charged in the year of disposal. Any gains and losses on disposals of fixed assets are reflected in the income and expenditure account in the year in which they occur. Assets in the course of

Accounting policies *continued*

construction are accounted for at cost and are capitalised as incurred but are depreciated only when the individual asset is operational.

(i) Investments – non-current and associates/ joint ventures

Listed investments are included in the balance sheet at market value, where they are publicly quoted. Other investments are held at cost. Investments in associate companies and joint ventures are shown in the consolidated balance sheet with the attributable share of net assets. The share of profit and loss for associate companies and joint ventures are included in the Consolidated Statement of Comprehensive Income & Expenditure.

(j) Stock

Stock is stated at the lower of cost and net realisable value.

(k) Trade and other receivables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

(l) Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

(m) Creditors

Creditors are recognised initially at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future

payments discounted at a market rate of instrument for a similar debt instrument.

(n) Provisions, contingent liabilities and contingent assets

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

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but if material are disclosed in the notes.

(o) Capital Grants

Government capital grants are recognised over the periods in which the School recognises the related costs for which the grant is intended to compensate. Where part of the grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

(p) Employment benefits

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

as the additional amount the School expects to pay as a result of the unused entitlement.

(q) Taxation

The School is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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 partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

(r) Reserves

Reserves are classified as restricted or unrestricted.

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

Unrestricted reserves are to be used for any purpose that the School can decide upon.

Included within reserves are balances relating to entities in which the School does not have a controlling interest.

(s) FRS102 exemptions

The School has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes; and
- Related parties

As a result, there is no cashflow statement for the School as a standalone entity and transactions between 100% owned entities are not disclosed.

(t) Financial instruments

The School has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the School becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Accounting policies *continued*

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

Financial liabilities

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

Notes to the financial statements

for the year ended 31 July 2021

1 Tuition fees and education contracts

	Consolidated		London Business School	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
MBA	43,544	39,889	43,544	39,889
Masters in Management	9,626	8,999	9,626	8,999
Sloan Fellowship	3,875	3,960	3,875	3,960
Masters in Analytics and Management	2,804	2,647	2,804	2,647
Executive MBA	21,562	22,741	21,562	22,741
EMBA-Global / Global Asia	1,788	4,119	1,788	4,119
Masters in Finance	9,573	8,857	9,573	8,857
Masters in Financial Analysis	7,379	5,481	7,379	5,481
PhD Programme	1,694	1,694	1,694	1,694
Executive Education Open Programmes	9,032	13,469	9,032	13,469
Executive Education Custom Programmes	15,806	18,310	-	-
Other Programme Income	394	1,282	394	1,282
	<u>127,077</u>	<u>131,448</u>	<u>111,271</u>	<u>113,138</u>

2 Funding council grants

	Consolidated		London Business School	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Recurrent grant				
Office for Students	88	76	88	76
Research England	3,980	3,519	3,980	3,519
Capital grant releases	173	239	173	239
Specific grants				
Higher Education Innovation Fund	4,648	4,294	4,648	4,294
	<u>8,889</u>	<u>8,128</u>	<u>8,889</u>	<u>8,128</u>

Capital grant releases relate to grants received from Funding Councils which have been applied to specific assets. The releases are made over the life of those assets.

3 Grant and fee income

	Consolidated		London Business School	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Grant income from the OfS	88	76	88	76
Grant income from other bodies	8,801	8,052	8,801	8,052
Fee income for taught awards	100,151	96,693	100,151	96,693
Fee income for research awards	1,694	1,694	1,694	1,694
Fee income from non-qualifying courses	24,838	31,779	9,032	13,469
	<u>135,572</u>	<u>138,294</u>	<u>119,766</u>	<u>119,984</u>

Notes to the financial statements *continued*

for the year ended 31 July 2021

4 Research grants and contracts

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Research councils	1,086	563	1,086	563
UK charities	29	-	29	-
Government (UK and overseas)	1,286	1,566	1,286	1,566
Other	35	121	35	121
	<u>2,436</u>	<u>2,250</u>	<u>2,436</u>	<u>2,250</u>

5 Other income

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Residences, catering and conferences	237	1,179	237	3,465
Management services	-	-	5,333	5,844
Other general income	1,011	1,259	952	1,221
Coronavirus Job Retention Scheme	153	420	153	420
	<u>1,401</u>	<u>2,858</u>	<u>6,675</u>	<u>10,950</u>

6 Investment income

		Consolidated		London Business School	
	Notes	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Investment income on endowments	25	514	1,169	-	-
Other investment income		4	16	3	17
		<u>518</u>	<u>1,185</u>	<u>3</u>	<u>17</u>

7 Donations and endowments

		Consolidated		London Business School	
	Notes	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
New endowments	25	651	8,153	-	-
Donations with restrictions	26	4,542	8,061	-	-
Unrestricted donations		3,333	2,851	11,327	21,682
		<u>8,526</u>	<u>19,065</u>	<u>11,327</u>	<u>21,682</u>

Most third party donations and endowments are made to the London Business School Anniversary Trust. Grants made from the Anniversary Trust to the School are unrestricted as any underlying restrictions associated with the donation have been met prior to the Anniversary Trust making a grant to the School.

8 Staff costs

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Salaries	65,008	63,883	59,832	57,941
Social security costs	7,302	7,083	6,952	6,700
Other pension costs	11,556	11,496	10,998	10,892
	<u>83,866</u>	<u>82,462</u>	<u>77,782</u>	<u>75,533</u>
Restructuring	(509)	1,410	(509)	1,410
Movement on USS provision	(1,118)	(12,318)	(1,118)	(12,318)
Total	<u>82,239</u>	<u>71,554</u>	<u>76,155</u>	<u>64,625</u>

Average staff numbers (full time equivalent) by major category:	2021	2020
	No.	No.
Academic including research	105	107
Support and administrative staff	668	703
	<u>773</u>	<u>810</u>

Key management personnel

Key management personnel are members of the Senior Management Team who have the authority and responsibility for planning, directing and controlling the activities of the School. Staff costs includes compensation paid to key management personnel.

	2021	2020
	£'000	£'000
Key management personnel compensation	<u>3,360</u>	<u>2,730</u>
	2021	2020
	No.	No.
Key management personnel numbers (full time equivalent)	<u>14.6</u>	<u>11.0</u>

In 2020/21, certain key management personnel voluntarily gave up a proportion of their salary due to the challenges the School faced at the start of the COVID-19 pandemic. This amount totalled £54,000 (2019/20: £335,000).

Notes to the financial statements *continued*

for the year ended 31 July 2021

8 Staff costs *continued*

Senior staff pay

Senior staff pay includes the full-time equivalent basic salary of all staff earning in excess of £100,000. It does not include compensation for teaching additional loads, payments by a subsidiary (Centre for Management Development Company Limited), pensions or staff who were employed for part of the year but would have received salary in these bands in a full year.

Senior staff pay in the individual bands were as follows:

	2021		2020			2021		2020	
£100,000 - £104,999	9	8	£205,000 - £209,999	1	1	£310,000 - £314,999	-	-	
£105,000 - £109,999	3	2	£210,000 - £214,999	6	5	£315,000 - £319,999	3	3	
£110,000 - £114,999	4	3	£215,000 - £219,999	3	1	£320,000 - £324,999	3	4	
£115,000 - £119,999	3	2	£220,000 - £224,999	1	2	£325,000 - £329,999	2	2	
£120,000 - £124,999	5	5	£225,000 - £229,999	13	12	£330,000 - £334,999	-	-	
£125,000 - £129,999	2	4	£230,000 - £234,999	3	2	£335,000 - £339,999	1	1	
£130,000 - £134,999	3	4	£235,000 - £239,999	-	-	£340,000 - £344,999	-	-	
£135,000 - £139,999	2	3	£240,000 - £244,999	1	2	£345,000 - £349,999	-	-	
£140,000 - £144,999	1	-	£245,000 - £249,999	-	-	£350,000 - £354,999	2	2	
£145,000 - £149,999	1	1	£250,000 - £254,999	-	-	£355,000 - £359,999	1	1	
£150,000 - £154,999	-	1	£255,000 - £259,999	2	3	£360,000 - £364,999	1	1	
£155,000 - £159,999	-	1	£260,000 - £264,999	2	1	£365,000 - £369,999	1	1	
£160,000 - £164,999	1	2	£265,000 - £269,999	4	5	£370,000 - £374,999	-	-	
£165,000 - £169,999	-	-	£270,000 - £274,999	2	1	£375,000 - £379,999	1	1	
£170,000 - £174,999	2	2	£275,000 - £279,999	8	8	£380,000 - £384,999	1	1	
£175,000 - £179,999	5	4	£280,000 - £284,999	3	3	£390,000 - £394,999	1	1	
£180,000 - £184,999	4	3	£285,000 - £289,999	2	2	£395,000 - £399,999	1	-	
£185,000 - £189,999	15	17	£290,000 - £294,999	-	-	£400,000 - £404,999	-	1	
£190,000 - £194,999	3	4	£295,000 - £299,999	2	2	£415,000 - £419,999	2	2	
£195,000 - £199,999	2	2	£300,000 - £304,999	3	3	£435,000 - £439,999	1	1	
£200,000 - £204,999	-	1	£305,000 - £309,999	5	5				

Compensation for loss of office:

Aggregate payment for compensation for loss of office paid to 47 members of staff (2020 : 8)

	2021 £'000	2020 £'000
Compensation payable recorded within staff costs	<u>861</u>	<u>385</u>

Compensation payable includes an amount of £675,000 that was included in the restructuring provision at 31 July 2020 and is part of the aggregate amount of £901,000 utilised in the year (see note 23).

	2021 £'000	2020 £'000
Emoluments of the Dean, François Ortalo-Magné		
Basic salary	481	451
Waived salary	-	(120)
	<u>481</u>	<u>331</u>
Benefits	7	3
Pension contributions	<u>26</u>	<u>69</u>
	514	403
Non-taxable benefits	<u>63</u>	<u>95</u>
	<u>577</u>	<u>498</u>

8 Staff costs *continued*

Emoluments of the Dean, François Ortalo-Magné

The Dean participated in a salary sacrifice arrangement for pension contributions (2020/21: £17,000, 2019/20: £33,000). The Dean has also opted for a voluntary salary cap on his pension contributions and in line with other employees, he received a salary top-up in lieu of the pension contribution.

In line with the previous Deans of the School, the current Dean is required to live in accommodation within one of the School's buildings to enable better and more effectual performance of duties. Up until 5 April 2021, this is treated as a non-taxable benefit. The disclosed non-taxable benefit value of £63,000 is based on the average market annual rent for a similar sized property in the immediate area without the restrictions noted below, for the period up to 5 April 2021.

From 6 April 2021, the accommodation is treated as a taxable benefit. Due to the restrictive covenants of the building's lease and the requirement for the accommodation to be used for School business, it is not possible to rent out the accommodation and therefore there is no cost of lost opportunity to the School. Using the annual value and cost of acquiring the lease of the campus and taking the usage for School business into account, the annual taxable value is £6,500 for the Dean's accommodation. Operating costs associated with the residence (i.e. utilities and cleaning services) total £5,000 and this taxable benefit is included within the emoluments section.

In considering the annual remuneration award to the Dean, we take into consideration the context in which London Business School operates. More than 80% of our faculty are international and we have 56 different nationalities among our non-academic staff. Our degree programmes attract students from 106 nationalities, while our executive education business typically attracts over 10,000 participants each year and works with corporate clients from around the world. We are in direct competition with the other top global business schools based in the United States and Europe and these institutions form the benchmark for consideration of the Dean's remuneration.

The Governing Body's Remuneration Committee is responsible for setting the Dean's remuneration. In 2020/21 the School did not make an annual pay award to its employees given the ongoing challenges faced due to the COVID-19 pandemic. As a consequence, the Dean did not receive a pay award during the year.

The Dean's basic salary is 9.3 times (2019/20: 9.8 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Dean's total remuneration, including the taxable and non taxable benefits noted above is 11.6 times (2019/20: 13.0 times) the median pay of staff. This has been calculated including the midpoint of the non-taxable benefits noted above and the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid to its staff.

Pay ratio information includes agency staff.

Governing Body Members

The School's Governing Body members are the trustees for charitable law purposes. Due to the nature of the School's operations and the compositions of the Governing Body, some members being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving organisations in which members of the Governing Body or Senior Management have an interest are detailed in note 32.

Notes to the financial statements *continued*

for the year ended 31 July 2021

9 Interest and other finance costs

		Consolidated		London Business School	
	Notes	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Loan interest		1,591	1,501	1,599	1,534
Net charge on USS pension scheme		117	255	117	255
Net charge on SPS pension scheme	31	346	354	346	354
		<u>2,054</u>	<u>2,110</u>	<u>2,062</u>	<u>2,143</u>

10 Analysis of other operating expenditure by activity

		Consolidated		London Business School	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Teaching related costs (including Scholarships)		15,853	16,708	14,644	15,363
Teaching support costs		3,207	4,276	2,905	4,049
Bought in teaching		4,651	6,515	3,423	4,064
Marketing		3,683	4,702	3,648	4,545
Technology		4,663	6,658	4,553	6,611
Premises and utilities		11,417	11,173	11,420	11,164
Catering and accommodation		1,289	5,702	1,259	7,398
Write off and impairment of assets		-	3,190	-	3,190
Other overheads		6,660	7,926	7,762	7,210
		<u>51,423</u>	<u>66,850</u>	<u>49,614</u>	<u>63,594</u>
Other operating expenses include:					
External auditors remuneration in respect of audit services		134	98	109	74
External auditors remuneration in respect of non-audit services		23	4	23	4
Operating lease rentals					
Land and buildings		3,182	2,220	3,182	2,220
Other		36	68	36	68
		<u>3,218</u>	<u>2,220</u>	<u>3,218</u>	<u>2,220</u>

11 Taxation

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	-	-	-	-
Total tax expense	-	-	-	-

12 Intangible assets

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	986	-	986	-
Additions	406	643	406	643
Transfer from fixed assets	194	343	194	343
At 31 July 2021	1,586	986	1,586	986
Amortisation				
At 1 August 2020	209	-	209	-
Charge for the year	460	209	460	209
	669	209	669	209
Net book value				
At 31 July 2021	917	777	917	777

Notes to the financial statements *continued*

for the year ended 31 July 2021

13 Tangible assets

	Land and buildings*	Building improvements*	Service concession arrangements	Plant and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
CONSOLIDATED AND SCHOOL						
Cost or valuation						
At 1 August 2020	256,964	50,216	850	42,620	1,916	352,566
Additions	748	13	-	2,290	160	3,211
Transfers	-	-	-	1,329	(1,329)	-
Disposals	(3,775)	(1,038)	(100)	(13,016)	-	(17,929)
Transfers to intangible assets	-	-	-	-	(194)	(194)
Revaluation of property**	16,453	-	-	-	-	16,453
At 31 July 2021	270,390	49,191	750	33,223	553	354,107
Consisting of valuation as at:						
31 July 2021	270,390	-	-	-	-	270,390
Cost	-	49,191	750	33,223	553	83,717
	270,390	49,191	750	33,223	553	354,107
Depreciation						
At 1 August 2020	136	5,824	850	25,987	-	32,797
Charge for the year	2,265	2,645	-	7,361	-	12,271
Disposals	(121)	(1,038)	(100)	(13,016)	-	(14,275)
Revaluation of property**	(2,145)	-	-	-	-	(2,145)
At 31 July 2021	135	7,431	750	20,332	-	28,648
Net book value						
At 31 July 2021	270,255	41,760	-	12,891	553	325,459
At 31 July 2020	256,828	44,392	-	16,633	1,916	319,769
Leased assets included above:						
Carrying amount						
At 31 July 2021	240,000	-	-	-	-	240,000
At 31 July 2020	226,080	-	-	-	-	226,080

* The balances as at 1 August 2020 for Land and Buildings and Building Improvements have been restated to reflect the transfer of £37,089,000 of specialist fit out costs relating to the Sammy Ofer Centre, from Land and Buildings to Building Improvements. This transfer was made to better reflect the nature of these fixed assets. Prior to transfer, the net book value opening position as at 1 August 2020 was £293,917,000 (land and buildings) and £7,303,000 (building improvements).

** The revaluation amount of £18,598,000 shown in the Consolidated and School Statement of Comprehensive Income and Expenditure comprises the cost revaluation of £16,453,000 and the write-back of depreciation of £2,145,000 shown above

13 Tangible assets *continued*

On 31 July 2021 the freehold and leasehold land and buildings were re-valued at £265,000,000 on the basis of existing use by Savills, Chartered Surveyors. This valuation excludes a freehold property which is in the process of being sold but still included in tangible assets at the same value as the prior year. At 31 July 2020, the valuation of freehold and leasehold land and buildings of £256,828,000 included properties with an aggregate value of £9,200,000 that were either sold during 2020/21 or in the process of being sold. The valuation is prepared in accordance with the RICS Valuation - Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK national supplement (the "RICS Red Book") edition current at 31 July 2021. The valuation is mainly based on an investment approach (capitalisation of future income streams using a market yield, or capitalisation rate) assuming vacant possession as the properties are owner-occupied.

At 31 July 2021, the surveyors have reviewed the freehold land and buildings apportionment and concluded that an acceptable proportion would result in a freehold land value of £7,885,000 (2020: £17,100,000) which is not depreciated.

14 Heritage assets

	Consolidated £'000	London Business School £'000
Cost and net book value		
At 1 August 2020	39	-
Additions	-	-
At 31 July 2021	<u>39</u>	<u>-</u>

The School does not ordinarily capitalise its heritage assets. Within the Anniversary Trust one heritage asset has been capitalised, at the value on the date the piece was acquired. In addition, the School has been gifted a number of other items of artwork considered to be heritage assets but has not capitalised these as in aggregate they are not deemed to be of sufficient material value to affect the presentation of the financial statements. The total insurance value of these items and items on loan is £2,700,000.

15 Service concession arrangements

The School has Balance Sheet arrangements including service concession arrangements, which are fully depreciated. These include equipment used by the outsourced printing and catering companies.

Movement in Service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31 July 2021 is £nil (2020 : £nil).

Movement in Service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2021 were £nil (2020 : £nil)..

Future commitments

The School has no future commitments in respect of the current assets being used in these service concession arrangements.

Notes to the financial statements *continued*

for the year ended 31 July 2021

16 Non current investments

CONSOLIDATED	Investments £'000
At 1 August 2020	56,094
Additions	1,550
Revaluation	(679)
Capital distribution	<u>(1,688)</u>
At 31 July 2021	<u>55,277</u>

The investments have been valued at cost or where appropriate, market value.

Investments consist of:	Consolidated £'000
BlackRock GiltTrack Fund Distributing Share Class	10,740
Cash held by BlackRock Asset Management	37,340
Prodigy Loan Investment	<u>7,197</u>
	<u>55,277</u>

Prodigy loan investment are investments made by the School in bonds that provide loan finance to students. Capital repayments and coupon payments are made on the bond as the loan is repaid by students.

	Consolidated	
	2021	2020
	£'000	£'000
Endowment Investments	<u>55,277</u>	<u>56,094</u>
	<u>55,277</u>	<u>56,094</u>

SCHOOL	Subsidiary companies £'000
At 1 August 2020	<u>10</u>
At 31 July 2021	<u>10</u>

The School's holding in London Business School Trust Company Limited, shown at cost, represents 4 ordinary shares of £1 each, being the total issued share capital of the company. The company continues to be dormant. The Honourable Apurv Bagri, Chairman of Governing Body, holds two shares as nominee for the School. The remaining two shares are held by François Ortalo-Magné as nominee for the School. None of the other governors had any interest in the share capital of this company.

The School's holding in London Business School Trading Company Limited, shown at cost, represents 10,000 (2020: 10,000) ordinary shares of £1 each, being the total issued share capital of the company.

London Business School Trust Company Limited is the sole trustee of London Business School Anniversary Trust ('the Trust'), an exempt charity trust with no share capital. The Trust is the 100% parent of Centre for Management Development Company Limited ('CMD') a company with 250,000 ordinary shares of £1 each.

The financial statements of all subsidiaries are available from the Secretary, London Business School, Regent's Park, London NW1 4SA.

17 Investment in associates and joint venture

The School has an investment interest in Global Entrepreneurship Research Association (GERA). GERA was incorporated on 3 February 2005 and is a company limited by guarantee. GERA advances education and learning in the field of entrepreneurship practice and policy development including (but not limited to) the provision and conduct of an international programme of research and the dissemination of the results of such research. GERA is a charitable company. Its financial statements are prepared under the 2019 Charities Statement of Recommended Practice (FRS 102). GERA is not funded by restricted grants and has been accounted for under the gross equity method. The School's share of GERA's operating surplus has been recognised in the statement of comprehensive income and expenditure account and the share of the assets has been included in the Balance Sheet. The School's 25% share of GERA's net assets total £205,000 (2020: £200,000; 25%).

On 22 January 2021, the School entered into a joint venture agreement with Senderwood Group Ltd to create Newton Venture Education Limited (Newton). Newton is a company limited by guarantee. Newton's objective is to create and develop an educational programme to enable investors in the innovation economy to become more effective investors. The School's share of Newton's operating surplus has been recognised in the statement of comprehensive income and expenditure account and the share of the assets has been included in the Balance Sheet. The School's 50% share of Newton's net assets total £114,000 (2020: £nil).

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 August 2020	200	364	-	-
Share of net assets of Newton	114	-	-	-
Share of appreciation/(loss) of GERA	5	(164)	-	-
At 31 July 2021	319	200	-	-

18 Stock

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Finished goods	55	96	55	96
	55	96	55	96

Notes to the financial statements *continued*

for the year ended 31 July 2021

19 Trade and other receivables

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Other trade receivables	6,506	6,622	3,082	4,872
Other receivables	1,001	761	899	428
Prepayments and accrued income	4,711	2,769	3,037	2,607
Amounts due from gift aid	-	-	126	152
	<u>12,218</u>	<u>10,152</u>	<u>7,144</u>	<u>8,059</u>

Included within trade receivables is a provision for doubtful debts of £2,000,000 (2020: £1,300,000). Due to the ongoing impact of the Covid-19 pandemic, the School has taken a more prudent approach to certain debtor categories in 2020/21. The value of the more prudent approach is £838,000 which is included in the provision.

20 Creditors: amounts falling due within one year

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts due to subsidiary companies	-	-	17,473	20,143
COVID Corporate Financing Facility Loan	-	50,000	-	50,000
Trade payables	4,249	2,437	3,623	2,226
Social security and other taxation payable	2,414	2,296	2,414	2,296
Accruals	19,501	19,241	18,510	18,232
Deferred income	43,237	43,575	42,164	41,915
Other creditors	1,343	1,441	1,343	1,441
	<u>70,744</u>	<u>118,990</u>	<u>85,527</u>	<u>136,253</u>

During 2019/20, the School received confirmation that it was eligible to access the HM Treasury and the Bank of England COVID Corporate Financing Facility ('CCFF'). As at 31 July 2020, the School had issued £50,000,000 of Commercial Paper through the CCFF, which matured on 9 March 2021 and this was repaid by this date.

Deferred income

Included within deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Tuition fees	34,006	35,481	32,933	33,821
Research grants received on account	9,020	7,921	9,020	7,921
Grant income	211	173	211	173
	<u>43,237</u>	<u>43,575</u>	<u>42,164</u>	<u>41,915</u>

21 Creditors: amounts falling due after more than one year

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Accruals and deferred income	951	1,012	951	1,012
Unsecured Loans	85,000	35,000	85,000	35,000
	<u>85,951</u>	<u>36,012</u>	<u>85,951</u>	<u>36,012</u>

On 31 July 2014, the School entered into a revolving credit facility agreement with HSBC. The loan agreement is for the ten year period to 31 July 2024. As at 31 July 2021, this facility of £40,000,000 was unused but remained available.

On 17 February 2017 the School entered into a £35,000,000 unsecured loan with MetLife Insurance K.K. with a maturity date of 19 February 2052 with a fixed interest rate of 2.75% per annum.

On 24 February 2021 the School entered into unsecured loan agreements totalling £50,000,000 under a private placement with MetLife Insurance K.K., Metropolitan Tower Life Insurance Company (£25,000,000) and Legal & General Assurance Society Limited (£25,000,000). This long-term funding matures in 2041 (£25,000,000), 2049 (£5,000,000), 2056 (£10,000,000) and 2061 (£10,000,000). The annual fixed interest rate under each of these loans are 2.05%, 2.17%, 2.26% and 2.32% respectively. The funds under these loan agreements were drawn down in full on 4 March 2021.

22 Loans

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Due within one year or on demand (note 20)	-	50,000	-	50,000
Due in five years or more	85,000	35,000	85,000	35,000
Due after more than one year	<u>85,000</u>	<u>35,000</u>	<u>85,000</u>	<u>35,000</u>
Total unsecured loans	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>

Notes to the financial statements *continued*

for the year ended 31 July 2021

23 Provisions

CONSOLIDATED AND SCHOOL

	Defined benefit obligation on USS Pension £'000	Defined benefit obligation on SPS Pension £'000	Total pensions provisions £'000	Restructuring provision £'000	Total provisions £'000
At 1 August 2020	15,824	24,752	40,576	1,410	41,986
Utilised during the year	(698)	-	(698)	(901)	(1,599)
Released during the year	-	-	-	(509)	(509)
Revaluations in 2021	(303)	(1,257)	(1,560)	-	(1,560)
At 31 July 2021	14,823	23,495	38,318	-	38,318

USS Pension is a multi-employer scheme for entities not under common control. The School has entered into an agreement with the scheme that determines how the School will fund the deficit. This results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102.

Further details are disclosed in note 31.

24 Financial instruments

	Consolidated		London Business School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial Assets				
Measured at Fair Value through comprehensive statement of income and expenditure				
Investments in common investment funds	48,080	47,209	-	-
Measured at undiscounted amounts receivable				
Trade and other receivables	7,507	7,383	3,981	5,300
Equity Instruments measured at cost less impairment				
Non-current asset investments in unlisted equity investments	7,197	8,885	-	-
Cash measured at amortised cost				
Cash and cash equivalents	25,301	12,659	25,289	12,645
	<u>88,085</u>	<u>76,136</u>	<u>29,270</u>	<u>17,945</u>
Financial Liabilities				
Measured at amortised cost				
Loans payable	85,000	85,000	85,000	85,000
Measured at undiscounted amounts payable				
Trade and other creditors	8,006	6,174	7,380	5,963
	<u>93,006</u>	<u>91,174</u>	<u>92,380</u>	<u>90,963</u>

25 Income and expenditure reserve – endowment reserve

Endowment reserves are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2021 Total £'000	2020 Total £'000
Balances at 1 August 2020					
Capital	43,706	13,657	-	57,363	54,085
Accumulated income	-	-	2,130	2,130	2,388
	<u>43,706</u>	<u>13,657</u>	<u>2,130</u>	<u>59,493</u>	<u>56,473</u>
New endowments	(60)	1	710	651	8,153
Investment income	192	322	-	514	1,169
Intra-group transfer	890	-	-	890	32
Transfers	(2,034)	(449)	2,483	-	-
Expenditure	-	-	(2,936)	(2,936)	(2,941)
	<u>(952)</u>	<u>(127)</u>	<u>(453)</u>	<u>(1,532)</u>	<u>(1,740)</u>
(Decrease) in market value of investments	<u>(592)</u>	<u>(87)</u>	<u>-</u>	<u>(679)</u>	<u>(3,393)</u>
At 31 July 2021	<u>42,102</u>	<u>13,444</u>	<u>2,387</u>	<u>57,933</u>	<u>59,493</u>
Represented by:					
Capital	42,102	13,444	-	55,546	57,363
Accumulated income	-	-	2,387	2,387	2,130
	<u>42,102</u>	<u>13,444</u>	<u>2,387</u>	<u>57,933</u>	<u>59,493</u>
Analysis by type of purpose:					
Chairs	16,578	-	-	16,578	17,510
Scholarships	25,283	-	2,122	27,405	27,622
Other	241	13,444	265	13,950	14,361
	<u>42,102</u>	<u>13,444</u>	<u>2,387</u>	<u>57,933</u>	<u>59,493</u>
Analysis by asset					
Fixed assets				55,277	56,094
Current asset investments				2,656	3,399
				<u>57,933</u>	<u>59,493</u>

Notes to the financial statements *continued*

for the year ended 31 July 2021

26 Income and expenditure reserve – restricted reserve

Reserves with restrictions are as follows:

	2021 Total £'000	2020 Total £'000
At 1 August	4,547	2,861
New donations	4,542	8,061
Expenditure	<u>(3,616)</u>	<u>(6,375)</u>
	926	1,686
At 31 July	<u>5,473</u>	<u>4,547</u>

	2021 Total £'000	2020 Total £'000
Analysis of other restricted funds/donations by type of purpose:		
Scholarships	2,420	1,995
Other	<u>3,053</u>	<u>2,552</u>
	<u>5,473</u>	<u>4,547</u>

27a Cash and cash equivalents

	At 1st August 2020 £'000	Cash Flows £'000	At 31st July 2021 £'000
CONSOLIDATED			
Cash and cash equivalents	<u>12,659</u>	<u>12,642</u>	<u>25,301</u>
	12,659	12,642	25,301

	£'000
Consolidated reconciliation of net debt	
Net debt 1 August 2020	72,341
Movement in cash and cash equivalents	(12,642)
New loans	50,000
Repaid loans and commercial paper	<u>(50,000)</u>
Net debt 31 July 2021	<u>59,699</u>
Change in net debt	<u>(12,642)</u>

27b Analysis of net debt

	2021 £'000	2020 £'000
Cash and cash equivalents	25,301	12,659
Borrowings: amounts falling due within one year		
Commercial paper	-	50,000
	-	50,000
Borrowings: amounts falling due after more than one year		
Unsecured loans	85,000	35,000
	85,000	35,000
Net debt	<u>59,699</u>	<u>72,341</u>

28 Capital and other commitments

The consolidated London Business School group and the London Business School had no capital commitments at 31 July 2021 (2020: £868,000).

29 Contingent liabilities

The School has no contingent liabilities at 31 July 2021 (2020: nil).

The School has provided written undertakings to support all subsidiary companies at twelve months from the date of approval of these financial statements.

30 Lease obligations

Total rentals payable under operating leases:

	Land and buildings £'000	2021 Plant and equipment £'000	Total £'000	2020 £'000
Payable during the year	<u>3,182</u>	<u>36</u>	<u>3,218</u>	<u>2,288</u>
Future minimum lease payments due:				
Not later than 1 year	3,047	36	3,083	3,148
Later than 1 year and not later than 5 years	10,100	-	10,100	10,683
Later than 5 years	<u>660,600</u>	<u>-</u>	<u>660,600</u>	<u>663,002</u>
Total lease payments due	<u>673,747</u>	<u>36</u>	<u>673,783</u>	<u>676,833</u>

During 2015/16 the School entered into a 125 year lease agreement for the main campus buildings, Sussex Place. During 2016/17 the School entered into a 125 year lease agreement for 27 Sussex Place (now known as North Building) and a 35 year lease agreement, with an option of a further 60 years for the Sammy Ofer Centre.

Notes to the financial statements *continued*

for the year ended 31 July 2021

31 Pension schemes

(a) Pension scheme details

The School makes contributions on behalf of members to two principal pension schemes and one closed scheme. Firstly, the School is a participating institution of the Universities Superannuation Scheme (USS). This is an open defined benefit scheme, with benefits accrued on either a final salary basis or career revalued earnings basis, according to specific membership criteria. The underlying assets of this scheme are managed and governed by the USS Trustee Board, which is an entirely separate entity to the School. Secondly, the School also sponsors a contract-based defined contribution scheme, provided through Scottish Widows. Lastly, the School sponsors a legacy defined benefit pension scheme for staff, the London Business School Pension & Assurance Scheme, which has been closed to future accrual since 1 August 2010. The assets are held in separate trustee-administered funds.

	2021 Total £'000	2020 Total £'000
Universities Superannuation Scheme	11,033	11,098
Scottish Widows	<u>448</u>	<u>398</u>
	11,481	11,496
London Business School Pension Scheme	<u>75</u>	<u>50</u>
Total contributions charged to the income and expenditure account	<u>11,556</u>	<u>11,546</u>

(b) USS

Pension costs

The total cost charged to the profit and loss account is £11,033,000 (2019/20: £11,098,000) as shown in notes 8 and 31a.

Deficit recovery contributions due within one year for the institution are £698,000 (2019/20: £599,000).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 was underway but was not completed by 31 July 2021 – see note 35 for further details.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation, used to calculate the provision as at 31 July 2021, was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

31 Pension schemes *continued*

(b)USS *(continued)*

The key financial assumptions used in the 2018 valuation are described below.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	2018 valuation <u>Pre-retirement</u> <u>Post-retirement</u>
	97.6% of SAPS SINMA 'light' for males and 102.7% of RFV00 for females	
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females	

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 years	24.6	24.4
Females currently aged 65 years	26.1	25.9
Males currently aged 45 years	26.6	26.3
Females currently aged 45 years	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2020 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2021	2020
Discount rate	0.89%	0.74%
Pensionable salary growth	3.00%	3.00%

There is a small growth of staff numbers included in the assumptions for future years. If the salary growth were to increase to 4%, this would increase the provision by £590,000 and a 0.5% decrease in discount rate would increase the provision by £300,000.

Notes to the financial statements *continued*

for the year ended 31 July 2021

31 Pension schemes *continued*

(c) SPS

The London Business School (the Employer) operates a final salary pension scheme, the London Business School Pension & Assurance Scheme (the Scheme). The Scheme is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004.

The Scheme was closed to all future accrual with effect from 1 August 2010.

The assets of the Scheme are held separately from those of the Employer. The value of the insured pensions (£981,000) is omitted from both assets and liabilities below for clarity.

The School and the Trustees of the Trust have granted the Scheme a floating charge over the Endowment Investments of the Trust to provide additional security for the Scheme's deficit. Under the terms of this charge, the School is required to maintain a balance on these investments of the higher of £30,000,000 and 120% of the Scheme's estimated buyout deficit as confirmed in the Scheme's most recent actuarial report. On 19 February 2021, the Trustees have granted a temporary amendment of this requirement until 1 November 2022, whereby during this period the School is required to ensure that the value of these investments is greater than or equal to £30,000,000. During the year, the School has continually met the requirements of the floating charge and its amendment.

	2021	2020
	£'000	£'000
Assets and liabilities at each year end:		
Total market value of assets	20,136	17,568
Present value of liabilities	<u>(43,631)</u>	<u>(42,320)</u>
Deficit	<u>(23,495)</u>	<u>(24,752)</u>
	2021	2020
	£'000	£'000
The amounts recognised in the profit and loss:		
Net interest on defined benefit liability	346	354
Expenses paid from the Scheme	<u>83</u>	<u>69</u>
Total expense	<u>429</u>	<u>423</u>
	2021	2020
	£'000	£'000
The amounts recognised in the statement of comprehensive income and expenditure:		
Actual return on assets	2,763	(673)
Return on assets included in net interest	<u>(245)</u>	<u>(414)</u>
Asset gain/(loss)	2,518	(1,087)
Liability experience gain/(loss)	121	(71)
Change of assumptions (loss)	<u>(1,028)</u>	<u>(7,522)</u>
Remeasurement gain/(loss) in the statement of comprehensive income and expenditure	<u>1,611</u>	<u>(8,680)</u>

31 Pension schemes *continued*

(c) SPS *(continued)*

	2021	2020
	£'000	£'000
Changes in the present value of the defined benefit liabilities:		
Opening value of liabilities	42,320	34,271
Interest cost	591	768
Benefits paid	(187)	(312)
Expected value of liabilities at end of the year	42,724	34,727
Liability experience (gain)/loss	(121)	71
Change of assumptions loss	1,028	7,522
Closing value of liabilities	43,631	42,320
Changes in the value of the assets:		
Assets at beginning of the year	17,568	18,572
Expected return on assets	245	414
Employer contributions	75	50
Benefits paid	(187)	(312)
Expenses	(83)	(69)
Expected assets at end of the year	17,618	18,655
Gain/(Loss) on Scheme assets	2,518	(1,087)
Assets at end of the year	20,136	17,568
The main actuarial assumptions used to value the liabilities:	2021	2020
Discount rate	1.50%	1.40%
Price inflation (RPI)	3.20%	2.90%
Price inflation (CPI)	2.70%	1.90%
Future increases to pensions in deferment	2.70%	1.90%
Future increases to pensions in payment	3.20%	2.90%
Mortality table	S3PMA/ S3PFA CMI 2020 projection with 1.5% long term rate	S3PMA/ S3PFA CMI 2019 projection with 1.5% long term rate
The total value of the assets (excluding annuities):	2021	2020
Equities	41%	36%
Gilts	0%	0%
Bonds	30%	33%
Property	20%	19%
Cash/Other	9%	12%
Total	100%	100%

Notes to the financial statements *continued*

for the year ended 31 July 2021

31 Pension schemes *continued*

(c) SPS *(continued)*

The property fund is valued by Legal & General Investment Management (LGIM). In response to the impact of the pandemic, the property fund suspended trading with effect from 20 March 2020. This decision followed RICS guidance and remained in place until the initial impact of the pandemic receded. The suspension was lifted with effect from 1 October 2020. During the period of suspension, the fund continued to receive weekly valuations from CBRE Ltd which were reflected in the fund's weekly pricing. No changes or adjustments were made to the pricing methodology and the fund continued to closely track its benchmark throughout this period. The property fund has been included at fair value provided by the investment manager. These assets are not quoted.

32 Related party transactions

All transactions involving organisations in which members of the Governing Body or Senior Management have an interest, including those identified below, are conducted at arm's length and in accordance with the School's financial regulations. An updated register of interests of the Governing Body is maintained.

During the year certain governors and senior management earned consultancy fees from a subsidiary of the School, the Centre for Management Development Company Limited.

	2021	2020
	£	£
Professor Herminia Ibarra	15,000	-
Professor Anna Pavlova	14,000	-
Professor Julian Birkinshaw	-	51,000
Professor Alex Edmans	-	13,000

There was £2,000 at the end of the year due to the above individuals (31 July 2020: £10,000).

The Honourable Apurv Bagri is a Commissioner of the Crown Estates Paving Commission. In 2020/21 the School paid £98,000 to the Commission (2019/20: £97,000). During the year the School sold a building at arm's length for £2,550,000 to Metdist Limited, a company in which the Honourable Apurv Bagri is a director.

The President of the London Business School Students' Association ('LBSSA') is also a member of the Governing Body. During the year, the School made general contributions to LBSSA of £369,000 (2019/20: £346,000) and specific sponsorship of £10,000 (2019/20: £10,000). The School did not charge LBSSA for catering services (2019/20: £100,000), but the School did charge LBSSA for financial administrative services of £28,000 (2019/20: £26,000). The School also donated estate services of £2,000 (2019/20: £2,000). At the year end, the School owed an amount of £10,000 to LBSSA (2020: £1,000).

Donations to the School include donations from 21 (2019/20 : 11) Governing Body members, either as individuals or Foundations associated with the member, totalling £2,456,000 (2019/20 : £869,000).

As allowed under FRS102 'Related party transactions', transactions and balances between 100% owned group entities have not been disclosed as they have been eliminated on consolidation.

33 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the School, are as follows:

Company	Principal Activity	Status
London Business School Trading Company Limited	Provision of the trading activities of the School	100% owned
London Business School Anniversary Trust	Provision of the charitable purpose of the School	100% owned
Centre for Management Development Company Limited	Provision of education in the field of business studies	100% owned
London Business School Trust Company Limited	Dormant	100% owned

Notes to the financial statements *continued*

for the year ended 31 July 2021

34 Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the School and have been established for its general or special purposes. One of the connected institutions is included as a subsidiary undertaking. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, this connected institution is exempt from registration with the Charity Commission. Another entity is an associate, the results of which are included in these consolidated financial statements. There is one connected entity which is not included in the consolidation since the School does not have control over their activities. The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	Opening balance	Income	Expendi- ture	Change in market value	Closing balance
	£'000	£'000	£'000	£'000	£'000
Consolidated					
London Business School Anniversary Trust	74,878	9,105	(8,744)	(678)	74,561
Global Entrepreneurship Research Association (GERA)	841	458	(720)	-	579
	<u>841</u>	<u>458</u>	<u>(720)</u>	<u>-</u>	<u>579</u>
Not consolidated					
London Business School Student Association (31 July 2020)	715	1,702	(1,375)	-	1,042
	<u>715</u>	<u>1,702</u>	<u>(1,375)</u>	<u>-</u>	<u>1,042</u>

London Business School has a subsidiary and connected charity, London Business School Anniversary Trust, the results of which are consolidated within these financial statements. This entity has been set up by trust deed and is an exempt charity. The purpose of London Business School Anniversary Trust is to raise funding for the School to support scholarships, chair awards and develop the infrastructure of the School, as well as build permanent endowments for the School.

GERA is a company limited by guarantee and has no share capital. It was a joint venture between London Business School and Babson College. The School has no management in the company but retains the right to appoint a management nominee.

London Business School Student Association is a private company limited by guarantee. It was incorporated on 18 February 2011; on 28 March 2011 the company also became a registered charity (number 1140901). The Trustees are the sole members of the charitable company and their liability is limited to £1 in a winding up. The Trustees have control of the Student Association's property and funds. The day-to-day administration and financial management is delegated to the executive members of the Student Association.

35 Post balance sheet event

Since 31 July 2021, there is an updated valuation in relation to the Universities Superannuation Scheme ("USS") with an effective date on 1 October 2021. This valuation came into effect with a dual rate schedule of contributions:

a) a small increase in contribution rates from the 2018 Valuation rates and a longer deficit recovery period if the decision is made to proceed with benefit changes currently proposed by the Joint Negotiating Committee (JNC). This is subject to member consultation.

b) more significant increases in contribution rates from the 2018 Valuation rates and a shorter deficit recovery period, which would only become applicable if the JNC recommended deed on benefit changes has not been executed by 28 February 2022.

Under both cases using the same assumptions as the 31 July 2021 liability calculation, there is an increase in the deficit that London Business School is required to account for from £14,823,000 (Note 23) to £45,000,000 for scenario a) or £70,100,000 for scenario b). This would result in a charge to the statement of comprehensive income and expenditure of £30,177,000 or £55,277,000 respectively in 2020/21.

Due to this information not being available at 31 July 2021, the impact of this updated USS valuation has not been accounted for within the 2020/21 financial statements.

36 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the School is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition); and,
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Notes to the financial statements *continued*

for the year ended 31 July 2021

36 US Department of Education Financial Responsibility Supplemental Schedule *continued*

Primary Reserve Ratio

Note/Schedule			2021 £'000	2021 £'000	2020 £'000	2020 £'000
		Expendable Net Assets:				
Balance sheet	Consolidated Balance Sheet – Unrestricted Reserves	Net assets without donor restrictions		160,847		138,558
Balance sheet	Consolidated Balance Sheet – Restricted Reserves	Net Assets with donor restrictions		63,406		64,040
N/A	N/A	Secured and Unsecured related party receivable	-		-	
N/A	N/A	Unsecured related party receivable		-		-
13	Consolidated Balance Sheet – Tangible Assets, net	Property, plant and equipment, net (includes Construction in progress)	325,459		319,769	
37	Note of the Financial Statements – 37 – Analysis of non current assets for US Financial Responsibility Supplement Schedule	Property, plant and equipment – pre-implementation		323,370		306,717
N/A	N/A	Property, plant and equipment – post-implementation with outstanding debt for original purchase		-		-
37	Note of the Financial Statements – 37 – Analysis of non current assets for US Financial Responsibility Supplement Schedule	Property, plant and equipment – post implementation without outstanding debt for original purchase		1,536		11,136
13	Consolidated Balance Sheet – Tangible Assets, net	Construction in progress		553		1,916
N/A	N/A	Lease right-of-use asset, net	-		-	

36 US Department of Education Financial Responsibility Supplemental Schedule *continued*

Note/Schedule			2021 £'000	2021 £'000	2020 £'000	2020 £'000
N/A	N/A	Lease right-of-use asset pre-implementation		-		-
N/A	N/A	Lease right-of-use asset post-implementation		-		-
12	Consolidated Balance Sheet – Intangible Assets	Intangible assets		917		777
23	Consolidated Balance Sheet – post-employment and pension liabilities	Post-employment and pension liabilities		38,318		41,986
22	Consolidated Balance Sheet – loans	Long-term debt – for long term purposes	85,000		35,000	
22	Consolidated Balance Sheet – loans	Long-term debt – for long term purposes pre-implementation		35,000		35,000
22	Consolidated Balance Sheet – loans	Long-term debt – for long term purposes post-implementation		50,000		-
N/A	N/A	Line of Credit for CIP		-		-
N/A	N/A*	Lease right-of-use asset liability	-		-	
N/A	N/A	Pre-implementation right-of-use leases		-		-
N/A	N/A	Post-implementation right-of-use leases		-		-

Notes to the financial statements *continued*

for the year ended 31 July 2021

36 US Department of Education Financial Responsibility Supplemental Schedule *continued*

Note/Schedule			2021 £'000	2021 £'000	2020 £'000	2020 £'000
N/A	N/A	Annuities with donor restrictions		-		-
N/A	N/A	Term endowments with donor restrictions		-		-
N/A	N/A	Life income funds with donor restrictions		-		-
25	Consolidated Balance Sheet – endowment reserve	Net assets with donor restrictions: restricted in perpetuity		42,102		43,706
		Total Expenses and Losses:				
Con- solidated statement of compre- hensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – total expenditure Total expenditure (£148,447k) less Note 25 endowment reserve expenditure (£2,936k) and Note 26 restricted reserve expenditure (£3,616k)	Total expenses without donor restrictions – taken directly from Statement of Activities		141,895		142,494
Con- solidated statement of compre- hensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – (investment income £518k, loss on investments (£679k)) Prior year includes impairment of property, share of loss in associate/joint venture, unrealised deficit on revaluation of land and buildings, actuarial loss in respect of pension scheme	Non-Operating and Net Investment (loss)		-161		-53,404
Con- solidated statement of compre- hensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – (investment income £518k, loss on investments (£679k))	Net investment losses		-161		-2,040

36 US Department of Education Financial Responsibility Supplemental Schedule *continued*

Note/Schedule			2021 £'000	2021 £'000	2020 £'000	2020 £'000
Con- solidated statement of compre- hensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – actuarial loss in respect of pension scheme – pension gains are not included	Pension -related changes other than net periodic costs		-		-8,699

Equity Ratio:

		Modified Net Assets:				
Con- solidated Balance Sheet	Consolidated Balance Sheet – unrestricted reserves and non-controlling interest	Net assets without donor restrictions		160,847		138,558
Con- solidated Balance Sheet	Consolidated Balance Sheet – restricted reserves	Net assets with donor restrictions		63,406		64,040
12	Consolidated Balance Sheet – intangible assets	Intangible assets		917		777
N/A	N/A	Secured and Unsecured related party receivable	-		-	
N/A	N/A	Unsecured related party receivables		-		-
Con- solidated Balance Sheet	Consolidated Balance Sheet – total assets	Total assets		419,585		399,786
N/A	N/A	Lease right-of-use asset pre-implementation		-		-
N/A	N/A	Pre-implementation right-of-use leases		-		-

Notes to the financial statements *continued*

for the year ended 31 July 2021

36 US Department of Education Financial Responsibility Supplemental Schedule *continued*

Note/Schedule			2021 £'000	2021 £'000	2020 £'000	2020 £'000
12	Consolidated Balance Sheet – intangible assets	Intangible assets		917		777
N/A	N/A	Secured and Unsecured related party receivable	-		-	
N/A	N/A	Unsecured related party receivables		-		-

Net Income Ratio:

Consolidated statement of comprehensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – total comprehensive income Revaluation reserve income £16,118k and unrestricted comprehensive income £6,171k	Change in Net Assets Without Donor Restrictions		22,289		-46,007
Consolidated statement of comprehensive income and expenditure	Consolidated Statement of Comprehensive Income and Expenditure – total income Total income £148,847k, less investment income £518k, plus property revaluation gain of property £2,480k, gain on sale of tangible fixed assets £1,733k, unrealised gain on revaluation of land and buildings £16,118k, actuarial gain £1,603k, share of gain in associate/joint venture £119k Losses are not included	Total Revenues and Gains		170,382		163,749

Governing Body

(as at November 2021)

The Honourable Apurv Bagri (Chair)

President & CEO, Metdist Group

Ms Nina Bohn (appointed 1 April 2021)

Executive Director, Advancement

Mr Roger Carlsson

CEO, FCT Europe Ltd

Mr Santiago Fernandez

(retired 31 May 2021)

Student Association President

Mr Lars Fjeldsoe-Nielsen

Professor Julian Franks

Professor of Finance; Alexander M.

Knaster Chair

Mr Bradley Fried

Principal & founder, Grovepoint Capital

Mr Richard Frost

Secretary to Governing Body, London

Business School

Ms Elisabeth Grieg

Chair, Grieg Star Group SA and Grieg

Maturitas SA

Mr Ian Hannam

Founder and Chairman, Hannam &

Partners

Professor Herminia Ibarra

Professor of Organisational Behaviour;

Charles Handy Professor of Organisational

Behaviour

Ankit Kalyani (appointed 1 June 2021)

Student Association President

Professor Oded Koenigsberg

Professor of Marketing

Mr Savio Kwan

Co-Founder, Partner and CEO,

A&K Consultant Company Ltd

Mrs Ingrid Kwok

Director of Construction Projects

Management

Dame Mary Marsh

Non-Executive Director, HSBC Bank plc

Ms Fiona du Monceau

COO, ExeVir

François Ortalo-Magné

Dean, London Business School

Ms Nalisha Patel (retired 31 March 2021)

Executive Director, Degree Programmes

and Student Experience

Professor Anna Pavlova

Professor of Finance

Mr David Pyott (Deputy Chairman)

Non-Executive Director Royal Philips NV

Professor Irem Tuna

Deputy Dean, Faculty

Professor of Accounting, London Business

School

Mr Hugh Wood

Dame Professor Sarah Worthington

Downing Professor of the Laws of

England and Fellow of Trinity College,

Cambridge University

AUDIT & RISK COMMITTEE

Reports to Governing Body

Chair:

Dame Mary Marsh

Members:

Mr Eric Stobart

Ms Fiona du Monceau

Ms Elisabeth Grieg

Mr Roger Carlsson

Secretary:

Ms Clare Kane, Deputy Secretary

In attendance:

Executives:

François Ortalo-Magné, Dean

Mr Richard Frost, School Secretary

Ms Tracy Siu, Executive Director, Finance

FINANCE COMMITTEE

Reports to Governing Body

Chair:

Mr Bradley Fried

Other Non-Executives:

Mr Lars Fjeldsoe-Nielsen

Mr David Pyott

Secretary:

Ms Tracy Siu, Executive Director, Finance

In attendance

Executives:

François Ortalo-Magné, Dean

Ms Alison Brownhill, Chief Financial

Officer & Treasurer

Professor Florin Vasvari

GOVERNANCE & NOMINATIONS COMMITTEE

Reports to Governing Body

Chair:

The Hon Apurv Bagri

Members:

François Ortalo-Magné, Dean

Dame Mary Marsh

Mr Bradley Fried

Mr Hugh Wood

Secretary:

Mr Richard Frost, School Secretary

REMUNERATION COMMITTEE

Reports to Governing Body

Chair:

The Hon Apurv Bagri

Members:

François Ortalo-Magné, Dean

Mr Ian Hannam

Ms Ingrid Kwok

Dame Professor Sarah Worthington

Secretary:

Ms Jane Gibbon, Chief People Officer

TREASURER

Ms Alison Brownhill,

Chief Financial Officer

Professional advisors

Principal Solicitor

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

External Auditor

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Internal Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Principal Banker

HSBC Bank plc
2nd Floor
62-76 Park Street
London
SE1 9DZ

Investment Manager

BlackRock Asset Management Ireland Limited
JPMorgan House
International Financial Service Centre
Dublin 1
Ireland

Principal/Registered Office

Sussex Place
Regent's Park
London
NW1 4SA

London
Business
School

London Business School
Regent's Park
London NW1 4SA
United Kingdom
Tel +44 (0)20 7000 7000
Fax+44 (0)20 7000 7001
www.london.edu