



Royal Charter Number RC000721

London Business School

Annual Report and Financial Statements

For year ended 31 July 2025

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Summary of Financial Highlights

CONSOLIDATED

	2025 £'000	2024 £'000
INCOME		
Academic fees	196,926	180,724
Funding Body grants	10,887	11,325
Research grants and contracts	469	550
Other income	5,177	4,874
Investment income	2,795	3,731
Donations and endowments	11,021	9,931

Total income	227,275	211,135
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EXPENDITURE

Staff costs	110,039	104,538
External teaching and teaching support	38,553	39,223
Marketing	10,681	7,994
Technology	5,923	5,617
Premises and utilities	14,670	14,914
Catering and accommodation	11,196	10,010
Other overheads (including tax)	15,129	10,587

Total operating expenditure	206,191	192,883
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Operating surplus	21,084	18,252
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Depreciation and amortisation	(8,656)	(9,817)
Interest and other finance costs	(2,158)	(3,177)
Share in associate / joint venture	(43)	(34)
Gain on investments	6,701	7,234
Actuarial (loss) / gain in respect of pension schemes	(49)	40,878

Total comprehensive income for the year	16,879	53,336
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BALANCE SHEET

Non-current assets (excluding investments)	339,089	320,479
Non-current investments	75,540	67,550
Other current assets	71,103	77,743
Current liabilities	(90,968)	(87,920)
Long-term liabilities	(86,124)	(86,091)
Provisions	-	-

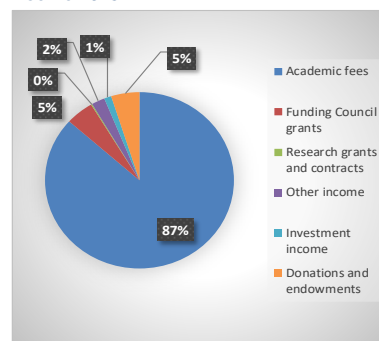
Net assets	308,640	291,761
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Represented by:

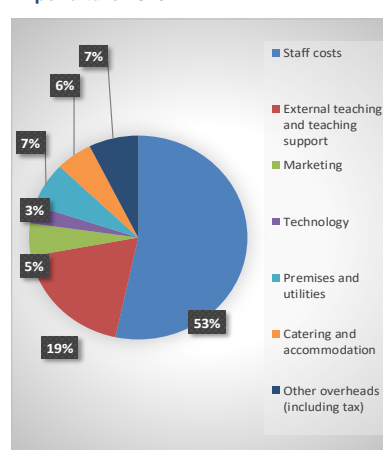
Endowment reserve	76,175	67,505
Expendable reserve	2,315	2,045
Restricted reserve	22,650	21,680
Unrestricted reserve - including non-controlling interests	80,219	73,249
Revaluation reserve	127,281	127,281

308,640	291,761
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Income 2025



Expenditure 2025



Statement from the Chair

As I reflect upon my second year as Chairman of Governing Body, I am delighted by the strong achievements of the School, many of which are highlighted below. We are fortunate to be based in one of the most multi-cultural, vibrant cities in the world. London is one of the leading financial centres serving global business, as well as a capital of creative industries and a magnet for start-up enterprises. Anchored to this location, London Business School offers its students and participants of its executive programmes a unique experience and insights into doing business globally. The School is already one of the most international of business schools based on its student body, participants and faculty. Building on this strength, we are expanding our global presence by adding to our established campus in Dubai with a new office planned in the Kingdom of Saudi Arabia and strengthened ties with business schools in China and India.

As demonstrated by the financial performance laid out in this Annual Report, the School has had an exceptional year with notable successes across executive and degree education, having welcomed over 12,000 students and participants onto our London and Dubai campuses, winning awards reflecting the strength of our corporate partnerships and achieving strong ranking positions across all ranked programmes. In particular, we were delighted that our executive education programmes achieved #1 in the world for Open Enrolment Programmes and #2 in the world for Custom Programmes in the Financial Times Executive Education Ranking 2025, the first ever business school to be in the top three simultaneously. On the degree side, our flagship MBA programme moved up one place to #7 in the Financial Times Global MBA Ranking.

As a proud alumnus, I joined my class for our 45-year reunion in June, alongside the School's 60th anniversary celebration. The energy of the alumni community was palpable as we celebrated this special milestone in the School's history and looked ahead to the Second Sixty. That energy also drove significant progress in our Forever Forward fundraising campaign, surpassing £115 million raised with landmark gifts in support of our world-class faculty and research.

A very strong operating performance in 2024/25 permits us to invest into areas such as the provision of scholarships to attract the best and brightest students from around the world and faculty research. To support our ambition in teaching and learning excellence, we have invested heavily in our estate, with the re-opening of the Plowden Building, a dedicated student space and the upgrade and refurbishment of the so-called E-wing, to support the delivery of executive education programmes, both in our Sussex Place campus.

Dean Sergei Guriev has completed a successful first year in office and I am delighted to be working alongside him to realise the School's ambition. The School has also appointed a new Chief Operating Officer to support Dean Guriev and we were delighted to welcome alumnus Gautam Gangoli SLN2020, who started at the School on 1 July 2025.

In my role, I am supported by an extremely capable Governing Body whose careers cover many continents and industries. I am grateful to my fellow Governors for their contributions and advice in helping to establish robust strategies and plans to affirm London Business School as one of the very best global business schools. I also wish to recognise the faculty and staff for their skills and hard work in ensuring the School remains in the top tier. We are all working together in support of the School's ambition.

Dr David Pyott CBE
Chair of Governing Body
London Business School
8 December 2025

Statement from the Dean

Having completed my first year as Dean of London Business School, I have been extremely impressed by the commitment, energy and support from all parts of the School community. This is a truly exceptional organisation, demonstrated by the calibre of the new student intake, the alumni community, executive education participants, faculty and staff. This has provided me with a strong platform to move forward and further strengthen the School's position as a leading global provider of business education and research.

London Business School's purpose is to have a profound impact on the way the world does business and the way business impacts the world. Through excellence in academic research and teaching we provide rigorous life-long learning to our global community from our London and Dubai campuses. In 2024/25, the School has also achieved financial performance ahead of our operating plan, generating extra investment capacity while maintaining the world-class outcomes expected by our students, executive education participants and corporate partners, and inspiring alumni and donors.

Degree Education

The School welcomed 1,559 new students across its 2024/25 intakes. Of these, 472 were awarded scholarships, a testament to the generosity of the School's alumni and friends, and our mutual commitment to further enhance the quality and diversity of our global community.

2024/25 was another record-breaking year for gender diversity, with more than 50% female representation in each of our graduate master programmes for the first time in the School's history. Coupled with 45% female students enrolling on our MBA, this took the overall female representation amongst our 24/25 intake to 46%, a record high.

In line with our commitment to the School's global reach, these students represented 129 different nationalities. During the year, our Global Experience courses took more than 1,400 students to 24 destinations, with five new experiences in Riyadh, Tallin & Helsinki, Beijing, Hong Kong, and Ho Chi Min City & Hanoi.

The year also saw the launch of two major new programme innovations: a world-class one-year MBA aimed at experienced graduates with prior post-graduate business studies, and a revamped Executive MBA offering executives much more flexibility in the way that they study.

The School ended the year with all but one degree programme in the top ten of all major rankings, with our flagship MBA moving up one place to #7 in the Financial Times Global MBA Ranking.

Executive Education

Executive Education's performance was exceptionally strong this year. We continued our positive trajectory, achieving double-digit growth and reaching a new revenue milestone of £72 million. Significant new partnerships were forged with global organisations in the UK, Europe, USA, Middle East and Asia, while our global reach expanded with the delivery of custom programmes in over 20 countries. Open programmes were delivered through the London Business School campuses in both London and Dubai.

The quality and impact of all programmes remained high across the year. The School's Executive Education ranked #1 in the world for Open Enrolment Programmes and #2 in the world for Custom Programmes in the Financial Times Executive Education Ranking 2025. It also won an EFMD Excellence in Practice Award for the impact of its partnership with Tata Group and a Brandon Hall Award for its work with the Saudi Academy for the Development of Administrative Leaders.

We have also opened an Executive Education office in Riyadh, expanding the School's global footprint and enabling it to collaborate more closely with our client base in the Middle East.

Forever Forward Campaign

During our 60th anniversary year, we received tremendous support for our £200 million Forever Forward campaign, enabling us to close the year with over £115 million raised – a major step forward from £81 million a year before. Gifts through the Campaign are investments in the people and ideas that make a difference on and through business – by championing global talent, developing business leaders who can work across borders and cultures; by shaping the future of business to harness digital transformation and new ways of working across longer lives; and by advancing sustainability, to enable businesses and leaders develop responsible and ethical solutions for people and the planet.

Among a host of inspirational gifts, we were particularly delighted by the significant support for research and faculty in 2025. The establishment of the Dawson Chair in Strategy and Entrepreneurship was made possible by a generous donation from Sam and John Dawson MiFPT1995. This gift will strengthen the School's academic capabilities in this vital area and advance our mission to inspire the next generation of business innovators. Additionally, a landmark £25 million pledge from an anonymous alumnus will name and create the School's first-ever endowed research institute. These gifts, along with those made by some 1,085 donors last year, reinforce London Business School's excellence in business education and research, and I extend my deep gratitude.

Research

We strive to anchor all our activities in academic research and the contributions of our faculty. This is true for the learning experiences and engagements we offer but also our own operations. This has led to a number of awards and accolades for the School's research over the year. Policy-makers from around the world have also engaged with LBS researchers. For example, Paolo Surico's research featured prominently in the UK Chancellor's Spring Statement and this has now led to a £20 billion Research & Development bond proposal. Lynda Gratton gave evidence at the UK House of Lords Economic Affairs Committee inquiry and Alex Edmans gave expert evidence before the Parliament of Canada's House of Commons Standing Committee on Environment and Sustainable Development.

Our faculty were awarded over £2 million in grant income from the European Research Council (Hélène Rey) and the British Academy/Leverhulme Trust (Lakshmi Naaraayanan).

The research Institutes remain a cornerstone of the School's support for interdisciplinary research and a prime vehicle for faculty, students, and alumni to connect with the business and policy-making community to address current economic and social global challenges. The Wheeler Institute for Business and

Development and the Institute of Entrepreneurship and Private Capital continue to deliver significant impact by applying LBS research and business insights.

In the past year, the School has also launched a new Data Science and AI Initiative, which unites experts to explore AI's impact, balance it with human skills, and equip leaders through research, partnerships and learning.

From our PhD Programme, 20 students graduated and took up placements at MIT, UCL, University of Pennsylvania, Cornell University, Hong Kong University, Rutgers University, Peking University, New York University and the University of Texas. The School welcomed 18 new students onto the PhD Programme.

The School also continues to invest in attracting pre-doctoral and post-doctoral researchers. The first cohort of pre-docs who commenced in November 2023 supporting faculty across four subject areas – Accounting, Finance, Organisational Behaviour and Strategy and Entrepreneurship, have successfully transitioned on to PhD programmes at Chicago Booth, UCL, HKUST, and London Business School. In 2024/25, the School also funded two post-docs; one in Management Science and Operations and one in Marketing.

Diversity, Inclusion and Belonging

Throughout the 2024/25 academic year, the School has remained dedicated to building a community where everyone can belong and thrive. Our primary focus this year has been on strengthening the foundational elements of Diversity, Inclusion and Belonging (DIB) more information can be found in the 2025 Annual DIB report.

Key achievements in 2024/25 include our progress in line with the new legislation and Office for Students conditions in relation to preventing sexual harassment. This included a thorough policy review, which in turn resulted in a more comprehensive Bullying & Harassment (including Sexual Harassment) policy being developed for the community. This policy outlines the School's position on behaviour, the roles and responsibilities of our community, and the mechanisms for reporting. A mandatory training module on Bullying & Harassment was also launched to all staff and faculty to generate a consistent understanding of acceptable and unacceptable behaviour in our community.

The School's faculty and PhD students also continue to publish academic research exploring different dimensions of DIB and its profound impact on business and the world.

Engaging our Alumni Community

Our global alumni community now stands at more than 57,000, representing 179 nationalities and spanning 160 countries. In addition to offering flagship events and learning benefits for our alumni, we have an extensive alumni volunteer network leading clubs and classes, as well as a dedicated Alumni Council – embodying the profound impact we strive to achieve through business.

Our flagship events continue to draw alumni across the world. In October 2024, our annual Worldwide Alumni Celebration welcomed over 2,000 alumni to more than 65 cities around the world. Our London-based reunion events in June 2025 brought 2,500 alumni to Sussex Place, with recent graduates attending our Reunion for New Alumni (R4NA) event in March, and our milestone alumni joining us in June for our Festival of Minds. Both events featured talks from faculty and business leaders, along with career coaching sessions

and alumni panels. We were delighted to host our second Middle East Reunion and Conference in Dubai at the end of January, demonstrating the power of our School and alumni network in bringing together some of the major players across the Middle East and North Africa and beyond to share their insights with our community and friends.

Throughout the year, I have travelled to Beijing, Dubai, Hong Kong, Hyderabad, Mumbai, New York, Riyadh and Shanghai, and everywhere I met passionate and motivated communities of LBS alumni making a profound impact on business, and the world, for the better.

We have also continued to develop and enhance the Forever Learning offering, providing alumni access to a variety of continuous learning opportunities and materials. We officially launched our Alumni Discovery Circles, micro-communities that give our alumni the opportunity to meaningfully connect by discussing significant research and findings from our faculty.

The Second Sixty

The whole of 2024/25 was a year-long celebration of our 60th Anniversary – which was topped off with a party to celebrate 60 years of LBS. I was thrilled to join over 1,200 alumni and friends of the School at Billingsgate Market in London for an evening that acknowledged our prestigious past and set the stage for our future ambition.

The School community is a reflection of the collective power we have to make a difference in the world, and I am honoured to lead the School into our Second Sixty. As we proudly look back at what LBS has accomplished since its founding 60 years ago, I am confident that in 2085 a future Dean will write this statement with even greater pride in the achievements by the amazing global community of London Business School, and their ongoing commitment both to excellence in business education and research and to having a profound impact on business and the world.

I am most grateful to all my colleagues and the School's Governors, alumni and friends for their welcome and support since taking the helm of London Business School and its global community during my first year as Dean.

Professor Sergei Guriev

Dean

London Business School

8 December 2025

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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 Advancement team continues to focus on building relationships with its wider stakeholder community and driving its fundraising activity. No fundraising is outsourced to, or delivered by, third party agencies. The School takes seriously the rights and privacy of its alumni community, friends and organisational donors. It conducts a number of appeals throughout the year, all of which have a clear mechanism for opting out. It does not undertake any form of fundraising with the general public. The School is registered with The Fundraising Regulator in the UK. During the 2024/25 financial year there were no failures to comply with the standards set out by The Fundraising Regulator and no serious complaints were received.

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 5 times during the 2024/25 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. At the end of each meeting, the Committee meets the external and internal auditors without senior executives being present 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 2025 and up to the date of approval of the financial statements, that it is regularly reviewed by the Governing Body and that it 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 2025 meeting an assessment for the year ended 31 July 2025 was carried out by the Governing Body upon receipt of documentation from senior management and the Audit and Risk Committee. At the meeting held in November 2025, 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 2025 to take place. This assessment took into account events since 31 July 2025.

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 2024/25 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 2025 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 and in-year review of the School's corporate risk register.
- The Senior Management Team is responsible 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 2024/25 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

8 December 2025

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 2026/27 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 has delivered another strong set of results, a strong liquidity position and significant headroom on its funder covenants while continuing to invest in the development of the School, its estate, technology and five year plan.

The School continues to benefit from School cash balances being invested at higher rates compared to interest payable on the School's private placement which was secured at low fixed rates (weighted average below 2.5%). These have resulted in a significant increase in reserves, from £292 million to £309 million.

The School continues to benefit from the £40m revolving credit facility provided by its bankers to assist with potential short term liquidity requirements and its beneficial covenants secured in July 2024. The School has not needed to use the RCF. The School is satisfied it has sufficient liquidity and adequate headroom for it to continue to operate for the foreseeable future. Headroom has been improved significantly through positive action on the School's pension scheme.

The School considers it appropriate to adopt the going concern basis in preparing the financial statements. In making this evaluation the School has

- Prepared detailed financial forecasts and estimates of income, expenditure and cash flows for the period to 31 July 2027, sensitised to reflect uncertainties on the financial impact of global geopolitical and economic factors.
- Prepared a high-level forecast of income, expenditure and cash flows for the period to 31 July 2030.
- 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.
- 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 and related covenants and improvements.

Governing Body has determined that the actions the School's management has taken are sufficient to mitigate the potential uncertainty. Governing Body has a reasonable expectation 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.

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 at London Business School Company Limited ('CMD'). The consolidated financial statements are referred to as the School's financial statements throughout.

CMD undertakes activities that are more appropriately channelled 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 2025 is as follows:

	2025	2024
	£'000	£'000
Income	227,275	211,135
Operating expenditure	(206,191)	(192,883)
Operating surplus	21,084	18,252
Depreciation and amortisation	(8,656)	(9,817)
Interest and other finance costs	(2,158)	(3,177)
Share of (loss) in associate	(43)	(34)
Gain on investments	6,701	7,234
Pension fund actuarial (loss) / gain	(49)	40,878
Total comprehensive income for the year	16,879	53,336

Income in the year increased from £211 million to £227 million. Fees from Degree programmes grew from £115 million to £122 million. Executive Education continues to perform strongly building on the progress of the last year with its best ever year, Open programme revenues increased from £30 million to £35 million; and Executive Education Custom programme revenues increased from £33 million to £38 million. Income from other sources including Funding body grants, research grants, investments and catering decreased from £23 million to £21 million mainly due to lower bank interest received. Cash from donations increased from £10 million to £11 million.

Operating expenditure in the year increased by £13 million in line with the revenue growth, as well as inflationary and salary cost increases and investment in the School's five year plan, reflecting the School's desire to invest in our faculty and staff. Expenditure also reflects investment in the School supporting our strategic Five Year Plan.

The School commissions a professional valuation performed by an external firm of chartered surveyors on a five yearly basis, with an internal fair value assessment conducted on an annual basis between the external valuations. The latest professional valuation of the property portfolio as at 31 July 2022, performed by Savills, was £255 million. The School has considered the value of the properties as at 31 July 2025 in conjunction with the Savills report, the performance of its landlord, the Crown Estate, and their evaluation of their property portfolio and market, and reports from industry experts. While the evaluation recognised improvements in the market a prudent approach has been taken. The conclusion is that no change is required to the carrying value of the properties as at 31 July 2025.

The School is continuing to invest in its technology and estates infrastructure including its estates masterplan. During the year ended 31 July 2025, the School invested £27,260,000 in capital expenditure programmes.

Cash and borrowings

The School has long-term funding of £85 million under a private placement agreement with MetLife and Legal & General. Interest payable on the private placements is at a fixed rate secured when interest rates were more favourable.

The School had access to a £40 million revolving credit facility with an expiry date of July 2031. The facility was undrawn at 31 July 2025.

As at 31 July 2025, the School held an actual cash balance of £43 million compared with an opening cash balance of £59 million, which is an indication of the School's strong liquidity. The closing cash balance has been impacted by significant capital investments in Estates and Technology. Cash balances have continued to have been effectively managed generating £1.9 million in the year.

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 £75 million compared with £67 million at the last year end reflecting investment of endowment donations, capital distribution and net gain on revaluation in the year.

Pensions

The School participates in two open pension schemes, USS and a defined contribution scheme provided through Scottish Widows. The School has a closed defined benefit pension scheme, SPS.

The USS pension provision as at 31 July 2025 is calculated in line with the 2023 triennial actuarial valuation plan. The USS and SPS pension provisions as at 31 July 2025 continues to be £nil. The FRS102 calculation of the SPS pension fund indicated a small surplus, but this has been capped to no surplus nor loss.

Reserves

Reserves have increased from £292 million to £309 million. The unrestricted reserve increased by £7 million due to the positive operating results and effective management of cash balances, offset by depreciation and amortisation costs, and interest costs. The endowment and restricted reserves increased by £10 million due to new donations and a market gain on investments.

Joyce Bill

Chief Financial Officer and Treasurer
8 December 2025

Independent auditors' report to the Governing Body of London Business School (the "School")

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the School's affairs as at 31 July 2025 and of the Group's and the School's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of London Business School ("the School") and its subsidiaries ("the Group") for the year ended 31 July 2025 which comprise the Consolidated and School Statement of Comprehensive Income and Expenditure, Consolidated and School Statement of Changes in Reserves, Consolidated and School Balance Sheet and Consolidated Cash Flow, notes to the financial statements and a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

- Funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

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

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

Responsibilities of the Governing Body

As explained more fully in the Statement of the Governing Body's responsibilities, the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body 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 are responsible for assessing the Group and the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the Group or the School or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations

Based on:

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

we considered the significant laws and regulations to be UK Generally Accepted Accounting Practice and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the compliance with the ongoing conditions of registration with the Office for Students, health and safety legislation, data protection regulations and the Bribery Act 2010.

Our procedures in respect of the above included:

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

Fraud

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

- Enquiry with management and those charged with governance, Audit Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override through inappropriate journal entries and accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation. We have also selected a sample of journals on an unpredictability basis which are not meeting the defined risk criteria and agreed these back to supporting documentation; and
- Assessing significant estimates made by management for bias, including pension liability assumptions and valuation of land and building.

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

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

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

Use of our report

This report is made solely to the Governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017 and the charters and statutes of the School. Our audit work has been undertaken so that we might state to the School's Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and the Governors as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Statutory Auditor
London, UK
8 December 2025

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

Consolidated and School Statement of Comprehensive Income and Expenditure

Year ended 31 July 2025

		Consolidated		London Business School	
		2025	2024	2025	2024
	Note	£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	196,926	180,724	159,127	147,783
Funding body grants	2	10,887	11,325	10,887	11,325
Research grants and contracts	4	469	550	469	550
Other income	5	5,177	4,874	15,575	14,492
Investment income	6	2,795	3,731	1,902	2,852
Total income before endowments and donations		216,254	201,204	187,960	177,002
Donations and endowments	7	11,021	9,931	13,992	16,149
Total income		227,275	211,135	201,952	193,151
Expenditure					
Staff costs	8	110,039	104,538	99,004	94,962
USS provision movement	8,22,30	-	(40,514)	-	(40,514)
Other operating expenses	10	96,152	88,345	86,644	82,814
Depreciation and amortisation	12,13	8,656	9,817	8,656	9,817
Interest and other finance costs	9	2,158	3,177	2,158	3,177
Total expenditure		217,005	165,363	196,462	150,256
Surplus before other gains, (losses) and share of (loss) / gain of associate / joint venture		10,270	45,772	5,490	42,895
Gain on investments	15	6,701	7,234	797	-
Share of (loss) in associate / joint venture	16	(43)	(34)	-	-
Surplus before tax		16,928	52,972	6,287	42,895
Taxation	11	-	-	-	-
Surplus for the year		16,928	52,972	6,287	42,895
Actuarial (loss) / gain in respect of pension schemes	30	(49)	364	(49)	364
Total comprehensive income for the year		16,879	53,336	6,238	43,259
Represented by:					
Endowment comprehensive income for the year		8,940	7,167	-	-
Restricted comprehensive income for the year		970	2,367	1,071	-
Unrestricted comprehensive income / (expense) for the year		7,012	43,836	5,167	43,259
Attributable to the School		16,922	53,370	6,238	43,259
Attributable to the non-controlling interest		(43)	(34)	-	-
		16,879	53,336	6,238	43,259
Surplus / (deficit) for the year attributable to:					
Non-controlling interest		(43)	(34)	-	-
School		16,971	53,006	6,287	42,895

All items of income and expenditure relate to continuing activities.

The notes on pages 36 – 56 form part of these financial statements.

Consolidated and School Statement of Changes in Reserves

Year ended 31 July 2025

CONSOLIDATED

	Income and expenditure account			Revaluation reserve	Total excluding non-controlling interest	Non-controlling interest	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000	£'000	£'000
Balance at 1 August 2023	62,383	19,313	28,955	127,281	237,932	492	238,425
Surplus/(deficit) from the income and expenditure statement	7,167	2,367	43,472	-	53,006	(34)	52,972
Other comprehensive income			364	-	364		364
Total comprehensive income / (expense) for the year 31 July 2024	7,167	2,367	43,837	-	53,371	(34)	53,336
Balance at 31 July 2024 and 1 August 2024	69,550	21,680	72,792	127,281	291,303	458	291,761
Surplus from the income and expenditure statement	8,940	970	7,061	-	16,971	(43)	16,928
Other comprehensive (expense) / income	-	-	(49)	-	(49)	-	(49)
Total comprehensive income / (expense) for the year	8,940	970	7,012	-	16,922	(43)	16,879
Balance at 31 July 2025	78,490	22,650	79,804	127,281	308,225	415	308,640

SCHOOL

	Income and expenditure account			Revaluation reserve	Total excluding non-controlling interest	Non-controlling interest	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000	£'000	£'000
Balance at 1 August 2023	-	-	27,052	127,281	154,333	-	154,333
Surplus from the income and expenditure statement	-	-	42,895	-	42,895	-	42,895
Other comprehensive income	-	-	364	-	364	-	364
Total comprehensive income / (expense) for the year 31 July 2024	-	-	43,259	-	43,259	-	43,259
Balance at 31 July 2024 and 1 August 2024	-	-	70,311	127,281	197,592	-	197,592
Surplus from the income and expenditure statement	-	1,071	5,216	-	6,287	-	6,287
Other comprehensive (expense) / income	-	-	(49)	-	(49)	-	(49)
Total comprehensive income / (expense) for the year	-	1,071	5,167	-	6,238	-	6,238
Balance at 31 July 2025	-	1,071	75,478	127,281	203,830	-	203,830

The notes on pages 36 – 56 form part of these financial statements

Consolidated and School Balance Sheet

31 July 2025

		Consolidated		London Business School	
	Note	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Non-current assets					
Intangible assets	12	17,503	13,047	17,503	13,047
Tangible assets	13	321,547	307,393	321,547	307,393
Heritage assets	14	39	39	-	-
Non-current investments	15	75,125	67,092	1,081	10
Investments in associate and joint venture	16	415	458	-	-
		<u>414,629</u>	<u>388,029</u>	<u>340,131</u>	<u>320,450</u>
Current assets					
Stock	17	94	129	94	129
Trade and other receivables	18	28,173	18,140	12,305	8,220
Cash and cash equivalents	26	42,836	59,474	42,202	58,847
		<u>71,103</u>	<u>77,743</u>	<u>54,601</u>	<u>67,196</u>
Current liabilities					
Creditors: amounts falling due within one year	19	(90,968)	(87,920)	(104,778)	(103,963)
Net current liabilities		<u>(19,865)</u>	<u>(10,177)</u>	<u>(50,177)</u>	<u>(36,767)</u>
Total assets less current liabilities		<u>394,764</u>	<u>377,852</u>	<u>289,954</u>	<u>283,683</u>
Creditors: amounts falling due after more than one year	20	(86,124)	(86,091)	(86,124)	(86,091)
Provisions					
Provisions	22	-	-	-	-
Total net assets		<u>308,640</u>	<u>291,761</u>	<u>203,830</u>	<u>197,592</u>
Restricted Reserves					
Income and expenditure reserve - permanent endowment reserve	24	76,175	67,505	-	-
Income and expenditure reserve - expendable endowment reserve	24	2,315	2,045	-	-
Income and expenditure reserve - restricted reserve	25	22,650	21,680	1,071	-
		<u>101,140</u>	<u>91,230</u>	<u>1,071</u>	<u>-</u>
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		79,804	72,792	75,478	70,311
Revaluation reserve		127,281	127,281	127,281	127,281
		<u>207,085</u>	<u>200,073</u>	<u>202,759</u>	<u>197,592</u>
Non-controlling interest		415	458	-	-
Total Reserves		<u>308,640</u>	<u>291,761</u>	<u>203,830</u>	<u>197,592</u>

The financial statements were approved by the Governing Body on 26 November 2025 and were signed on its behalf on 8 December 2025 by:

Dr David Pyott CBE
Chair of Governing Body

Professor Sergei Guriev
Dean

The notes on pages 36 – 56 form part of these financial statements.

Consolidated Cash Flow

Year ended 31 July 2025

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
Surplus for the year		16,928	52,972
Adjustment for non-cash items			
Depreciation and amortisation	12,13	8,656	9,817
Deferred capital grants released	2	(121)	(142)
(Gain) / loss on investments	15	(6,701)	(7,234)
Decrease / (Increase) in stock	17	35	33
Decrease / (increase) in debtors	18	(10,033)	(2,941)
(Decrease) / increase in creditors	19,20	3,048	5,458
(Decrease) / increase in USS pension provision	8,22,30	-	(40,514)
Share of operating loss in associate / joint venture	16	43	34
Adjustment for investing or financing activities			
Investment income receivable	6	(2,795)	(3,731)
Interest payable	9	2,158	3,177
Permanent endowment income	24	(3,977)	(1,000)
Net cash inflow from operating activities		<u>7,241</u>	<u>15,929</u>
Cash flows from investing activities			
Payments made to acquire fixed assets	12,13	(27,532)	(18,622)
Payments of non-current asset investments	15	(1,477)	(1,238)
Prodigy capital distribution	15	418	778
Capital grant receipts		147	151
Investment income	6	2,795	3,731
		<u>(25,649)</u>	<u>(15,200)</u>
Cash flows from financing activities			
Interest paid	9	(2,207)	(2,301)
Permanent endowment cash received	24	3,977	1,000
		<u>1,770</u>	<u>(1,301)</u>
Decrease in cash and cash equivalents in the year		<u>(16,638)</u>	<u>(572)</u>
Cash and cash equivalents at beginning of the year	26	59,474	60,046
Cash and cash equivalents at end of the year	26	42,836	59,474

The notes on pages 36 – 56 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. At 31 July 2023, the institution's balance sheet included a liability of £39,608,000 for future contributions payable under the deficit recovery agreement which was concluded on 30 September 2021, following the 2020 valuation when the scheme was in deficit. No deficit recovery plan was required from the 2023 valuation, because the scheme was in surplus. Changes to contribution rates were implemented from 1 January 2024 and from that date the institution was no longer required to make deficit recovery contributions. The remaining liability of £40,514,000 was released to the income and expenditure account in the year ended 31 July 2024. As at 31 July 2025, there continues to be no provision based on the latest valuation. Further disclosures can be found in note 30.
SPS - The provision assessment for the closed London Business School Pension & Assurance Scheme ("SPS") 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. The calculation as at 31 July 2025 has

resulted in a small surplus. Management judgement has been applied to not recognise the surplus based on the particular circumstances.
Refer to note 30 for further details.

- **Land and buildings valuation** – the School has adopted the revaluation model under FRS 102 for the value of the properties used by the School in the course of its business. The School has performed an internal assessment to determine that there has been no material change to the fair value of the properties as at 31 July 2025. As part of the internal assessment, consideration has been taken of the current market trends and data, and the 31 July 2022 property value assessment from a third party Chartered Surveyor (based on estimates of usable floor space, yield and discount rates), which has led to a range of possible property values being determined. The School is satisfied that, after considering the supporting evidence and noting the net book value as at 31 July 2025 is within the range of determined values, there is no material change to the fair value of the properties. This conclusion constitutes a critical judgement. A full professional valuation is expected to be conducted every five years with an internal fair value review performed in the interim years.
- **Useful lives of non-current intangible and tangible assets** – property, plant and equipment represent a significant proportion of the School's total assets. As a result, the estimated useful lives can have a significant impact on the depreciation and amortisation 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 notes 12 and 13.

Judgements

- **Pension liabilities** – USS - the Governing Body is satisfied that USS meets the definition of a multi-employer scheme and in previous years, it has recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements. As at 31 July 2024 and 2025, there was no provision based on the latest valuation.
- **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 2027 sensitised to reflect uncertainties as a result of the financial impact of the global geopolitical and economic factors.
- Prepared a high-level forecast of income, expenditure and cash flows for the period to 31 July 2030.
- 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.
- 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.

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 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.

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.

- 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.

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 means 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:

	<u>Annual rates of depreciation</u>
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 & 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.

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

Listed investments are included in the balance sheet at bid 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 and 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 interest 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 (VAT), 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) **FRS 102 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 cash flow 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.

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. Amounts 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.

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

Notes to the financial statements

Year ended 31 July 2025

1 Tuition fees and education contracts		Consolidated		London Business School	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
MBA		51,983	51,636	51,983	51,636
Masters in Management		19,145	13,547	19,145	13,547
Sloan Fellowship		3,799	4,421	3,799	4,421
Masters in Analytics and Management		3,705	3,906	3,705	3,906
Executive MBA		18,780	18,605	18,780	18,605
EMBA-Global / Global Asia		3,490	2,977	3,490	2,977
Masters in Finance		10,828	10,231	10,828	10,231
Masters in Financial Analysis		10,448	9,923	10,448	9,923
PhD Programme		1,750	1,811	1,750	1,811
Executive Education Open Programmes		34,731	30,240	34,731	30,240
Executive Education Custom Programmes		37,799	32,941	0	-
Other Programme Income		468	487	468	487
		196,926	180,724	159,127	147,784
2 Funding body grants		Consolidated		London Business School	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Recurrent grant					
Office for Students		840	849	840.00	849
Research England		2,497	2,495	2,497.00	2,495
Capital grant releases		121	142	121.00	142
Specific grants					
Higher Education Innovation Fund		7,429	7,839	7,429.00	7,839
		10,887	11,325	10,887	11,325
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	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Grant income from the OfS		840	849	840	849
Grant income from other bodies		10,047	10,476	10,047	10,476
Fee income for taught awards		122,178	115,245	122,178	115,246
Fee income for research awards		1,750	1,811	1,750	1,811
Fee income from non-qualifying courses		72,530	63,181	34,731	30,240
		207,345	191,562	169,546	158,621
4 Research grants and contracts		Consolidated		London Business School	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Research councils		399	418	399	418
UK charities		57	89	57	89
Other		13	43	13	43
		469	550	469	550
5 Other income		Consolidated		London Business School	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Residences, catering and conferences		1,077	1,022	2,171	1,805
Management Services		-	-	10,516	8,842
Other general income		4,100	3,852	2,888	3,845
		5,177	4,874	15,575	14,492
6 Investment income		Consolidated		London Business School	
	Note	2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Investment income on endowments	24	893	876	-	-
Other investment income		1,902	2,855	1,902	2,852
		2,795	3,731	1,902	2,852

Notes to the financial statements

Year ended 31 July 2025

7 Donations and endowments	Note	Consolidated		London Business School	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
New endowments	24	4,039	1,036	-	-
Donations with restrictions	25	4,211	5,749	-	-
Unrestricted donations		2,771	3,146	13,992	16,149
		<u>11,021</u>	<u>9,931</u>	<u>13,992</u>	<u>16,149</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	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Salaries		84,210	78,977	78,442	74,066
Social security costs		9,905	9,015	9,342	8,583
Other pension costs		11,757	12,869	11,220	12,313
		<u>105,872</u>	<u>100,861</u>	<u>99,004</u>	<u>94,962</u>
Movement on USS provision		-	(40,514)	-	(40,514)
Custom teaching costs		4,167	3,677	-	-
Total		<u>110,039</u>	<u>64,024</u>	<u>99,004</u>	<u>54,448</u>

CMD teaching costs were previously included within salaries but have been separately analysed to better reflect the activity.

Average staff numbers (full time equivalent) by major category :	2025	2024
	No.	No.
Academic including research	111	110
Support and administrative staff	791	752
	<u>902</u>	<u>862</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.

Key management personnel compensation	2025 £'000	2024 £'000
	<u>3,992</u>	<u>2,935</u>
	<u>2025</u>	<u>2024</u>
	No.	No.
Key management personnel numbers (full time equivalent)	<u>13.0</u>	<u>9.0</u>

Notes to the financial statements

Year ended 31 July 2025

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 (including the Dean) pay in the individual bands were as follows:

	2025	2024		2025	2024
£100,000 - £104,999	5	5	£295,000 - £299,999	-	2
£105,000 - £109,999	6	2	£300,000 - £304,999	4	2
£110,000 - £114,999	4	5	£305,000 - £309,999	2	5
£115,000 - £119,999	3	3	£310,000 - £314,999	4	1
£120,000 - £124,999	1	3	£315,000 - £319,999	1	2
£125,000 - £129,999	3	3	£320,000 - £324,999	4	4
£130,000 - £134,999	3	4	£325,000 - £329,999	1	2
£135,000 - £139,999	4	6	£330,000 - £334,999	3	4
£140,000 - £144,999	2	-	£335,000 - £339,999	2	4
£145,000 - £149,999	-	1	£340,000 - £344,999	1	3
£150,000 - £154,999	2	3	£345,000 - £349,999	3	2
£155,000 - £159,999	4	1	£350,000 - £354,999	5	-
£160,000 - £164,999	-	1	£355,000 - £359,999	1	2
£165,000 - £169,999	1	-	£360,000 - £364,999	3	-
£170,000 - £174,999	1	2	£365,000 - £369,999	-	4
£175,000 - £179,999	2	-	£370,000 - £374,999	2	1
£185,000 - £189,999	-	1	£375,000 - £379,999	1	1
£190,000 - £194,999	-	3	£380,000 - £384,999	3	3
£195,000 - £199,999	4	2	£385,000 - £389,999	1	-
£200,000 - £204,999	2	3	£390,000 - £394,999	2	-
£205,000 - £209,999	6	7	£395,000 - £399,999	2	1
£210,000 - £214,999	7	2	£400,000 - £404,999	1	-
£215,000 - £219,999	2	5	£405,000 - £409,999	1	-
£220,000 - £224,999	3	2	£410,000 - £414,999	-	2
£225,000 - £229,999	2	7	£420,000 - £424,999	1	2
£230,000 - £234,999	2	-	£425,000 - £429,999	-	1
£235,000 - £239,999	3	-	£430,000 - £434,999	1	-
£240,000 - £244,999	4	1	£435,000 - £439,999	1	-
£245,000 - £249,999	-	3	£440,000 - £444,999	-	1
£250,000 - £254,999	-	4	£445,000 - £449,999	1	1
£255,000 - £259,999	1	2	£450,000 - £454,999	1	-
£260,000 - £264,999	4	1	£455,000 - £459,999	3	-
£265,000 - £269,999	6	1	£475,000 - £479,999	-	1
£270,000 - £274,999	-	2	£480,000 - £484,999	1	1
£275,000 - £279,999	4	4	£495,000 - £499,999	1	-
£280,000 - £284,999	2	3	£500,000 - £504,999	-	1
£285,000 - £289,999	2	2	£505,000 - £509,999	1	-
£290,000 - £294,999	1	1	£530,000 - £534,999	1	-

Compensation for loss of office

Aggregate payment for compensation for loss of office paid to 15 members of staff (2024 : 17)

	2025	2024
	£'000	£'000
Compensation payable recorded within staff costs	289	343

Notes to the financial statements

Year ended 31 July 2025

8 Staff costs (continued)

Emoluments of the Dean	2025	2024
	£'000 Sergei Guriev	£'000 François Ortalo-Magné
Basic salary	484	533
Benefits	153	17
Pension contributions	70	25
	<u>707</u>	<u>575</u>

Professor Sergei Guriev was Dean for the financial year to 31st July 2025, replacing François Ortalo-Magné on 1 August 2024. The Dean participated in a salary sacrifice arrangement for pension contributions (2024/25: £30,000). The previous Dean participated in a salary sacrifice arrangement for pension contributions (2023/24: £17,000) and also opted for a voluntary salary cap on his pension contributions so he received a salary top-up in lieu of the pension contribution which is in line with other employees.

Professor François Ortalo-Magne, formerly Dean of the School, was appointed as Professor of Management Practice and Executive Dean – External Relations on 1 August 2024 with an annual basic remuneration of £497,000.

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. 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. For the previous Dean, the taxable benefit was calculated using the annual value and cost of acquiring the lease of the campus and taking the usage for School business into account, which gave an annual taxable value is £6,500 for the Dean's accommodation. For the current Dean, the taxable benefit calculation is based on the market value of the accommodation, which gives an annual taxable value of £107,000 of which £72,000 was attributable to 2024/25. Operating costs associated with the residence (i.e. utilities and cleaning services) were £5,000, and the tax and national insurance charges associated with the taxable benefits were £76,000. These are included within the emoluments section.

The annual remuneration award to the Dean takes into consideration the context in which London Business School operates and the performance of the institution and the Dean during the year. The Dean's remuneration is set by the Remuneration Committee.

The context for the institution and in particular for the Dean is a global one. The School's faculty and professional staff are both strongly international. Its degree programme portfolio attracts students from over 100 nationalities every year, while the executive education business attracts over 10,000 participants each year and works with corporate clients from around the world. The School is 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 Dean's basic salary is 9.9 times (2023/24: 10.1 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 benefits noted above is 12.7 times (2023/24: 11.2 times) the median total pay of staff. This has been calculated including the 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.

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 composition 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 31.

Notes to the financial statements

Year ended 31 July 2025

9 Interest and other finance costs	Note	Consolidated		London Business School	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Loan interest		2,207	2,301	2,207	2,301
Net charge on USS pension scheme		-	906	-	906
Net (income) on SPS pension scheme	30	(49)	(30)	(49)	(30)
		<u>2,158</u>	<u>3,177</u>	<u>2,158</u>	<u>3,177</u>

10 Other operating expenses	Consolidated		London Business School	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Teaching related costs (including Scholarships)	26,978	27,017	23,696	24,572
Teaching support costs	4,191	4,050	3,758	3,755
Bought in teaching	7,384	8,156	4,338	5,578
Marketing	10,681	7,994	10,113	7,904
Technology	5,923	5,617	5,884	5,599
Premises and utilities	14,670	14,914	14,343	14,890
Catering and accommodation	11,196	10,010	10,903	9,845
Other overheads	15,129	10,587	13,609	10,671
	<u>96,152</u>	<u>88,345</u>	<u>86,644</u>	<u>82,814</u>

Other operating expenses include:	2025 £'000	2024 £'000	2025 £'000	2024 £'000
External auditor's remuneration in respect of audit services	248	216	214	185
External auditor's remuneration in respect of non-audit services	-	7	-	7
Operating lease rentals				
Land and buildings	2,901	2,923	2,901	2,923
Other	46	25	46	25

11 Taxation	Consolidated		London Business School	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Deferred tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

Year ended 31 July 2025

12 Intangible Assets

		Consolidated and School		
		2025	2024	
CONSOLIDATED and SCHOOL		Assets in the Course of Construction £'000	Total £'000	Total £'000
Cost or valuation				
At 1 August				
Additions	4,506	11,091	15,597	7,893
Disposals	678	4,887	5,565	7,704
Transfers	(113)	-	(113)	-
	5,226	(5,226)	-	-
At 31 July	10,297	10,752	21,049	15,597
Amortisation				
At 1 August 2024	2,550	-	2,550	1,585
Charge for the year	1,098	-	1,098	965
Disposals	(102)	-	(102)	-
At 31 July	3,546	-	3,546	2,550
Net book value At 31 July			17,503	13,047

13 Tangible Assets

		Land and Buildings £'000	Building Improvements £'000	Plant and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
CONSOLIDATED and SCHOOL						
Cost or valuation						
At 1 August 2024		255,945	53,273	31,021	9,271	349,510
Additions		-	-	611	21,174	21,785
Transfers		-	13,961	14,193	(28,154)	-
Disposals		-	(169)	(227)	-	(396)
At 31 July 2025		255,945	67,065	45,598	2,291	370,899
Consisting of valuation as at:						
31 July 2025		255,945	-	-	-	255,945
Cost		-	67,065	45,598	2,291	114,954
		255,945	67,065	45,598	2,291	370,899
Depreciation						
At 1 August 2024		4,833	12,473	24,811	-	42,117
Charge for the year		2,418	2,479	2,661	-	7,558
Disposals		-	(129)	(194)	-	(323)
At 31 July 2025		7,251	14,823	27,278	-	49,352
Net book value						
At 31 July 2025		248,694	52,242	18,320	2,291	321,547
At 31 July 2024		251,112	40,800	6,210	9,271	307,393
Leased assets included above:						
Carrying amount						
At 31 July 2025		230,500	-	-	-	230,500
At 31 July 2024		228,710	-	-	-	228,710

On 31 July 2022, the freehold and leasehold land and buildings were re-valued at £255,000,000 on the basis of existing use by Savills, Chartered Surveyors. The valuation was prepared in accordance with the RICS Valuation - Global Standards, which incorporated the International Valuation Standards ("IVS") and the RICS UK national supplement (the "RICS Red Book") edition current at 31 July 2022. The valuation is based on a comparable approach or 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 2022, the surveyors reviewed the freehold land and buildings apportionment and concluded that an acceptable proportion would result in a freehold land value of £6,200,000 which is not depreciated.

The School has performed an internal assessment to determine that there has been no material change to the fair value of the properties as at 31 July 2024 and 31 July 2025. The School is satisfied that, after considering the supporting evidence and noting the net book value as at 31 July 2025 is within the range of determined values, there is no material change to the fair value of the properties. A full professional valuation is expected to be conducted every five years with an internal fair value review performed in the interim years.

Assets in the course of construction are capital projects which had not been completed and brought into use at the year-end. These projects may be related to existing assets but remained in progress during the reporting period.

Notes to the financial statements

Year ended 31 July 2025

14 Heritage Assets

	Consolidated £'000	London Business School £'000
Cost and Net book value		
At 1 August 2024	39	-
Additions	-	-
At 31 July 2025	39	-

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. The cost of a formal valuation of the heritage assets is not commensurate with the benefit. 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 £1,700,000.

15 Non Current Investments

CONSOLIDATED	2025 £'000	2024 £'000
At 1 August	67,092	59,398
Additions	1,750	1,238
Revaluation	6,701	7,234
Capital distribution	(418)	(778)
At 31 July	75,125	67,092

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

	Consolidated 2025 £'000	2024 £'000
Investments consist of :		
FTSE Actuaries UK Gilts>5Yr In	19,505	17,639
MSCI Emerging Markets IndexNet	5,384	4,699
MSCI World Net TR Index	47,265	42,103
Cash held by Blackrock Asset Management	10	343
Prodigy loan investment	1,890	2,308
Other listed investments	1,071	-
	75,125	67,092

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 2025 £'000	2024 £'000
Non current investments	75,125	67,092
	75,125	67,092

SCHOOL			2025 £'000	2024 £'000
	Subsidiary companies	Listed investments		
At 1 August	10	-	10	10
Additions in year	-	274	274	-
Revaluation in year	-	797	797	-
At 31 July	10	1,071	1,081	10

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. Dr David Pyott, Chair of the Governing Body, holds two shares as nominee for the School. The remaining two shares were held by Sergei Guriev as nominee for the School during 2024/25. None of the other governors had any interest in the share capital of this company.

Notes to the financial statements

Year ended 31 July 2025

15 Non Current Investments (continued)

The School's holding in London Business School Trading Company Limited, shown at cost, represents 10,000 (2024: 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.

The School sold its holding in the quasi-subsidary company Sussex Place Ventures Limited during the year ended 31 July 2019, but remains a beneficiary for certain funds managed by Sussex Place Ventures. This includes retaining its share in Combined London Colleges (General Partner) Limited of £250,000. This is a company set up by London Business School, King's College London, Queen Mary & Westfield College and University College London, who each invested £250,000. A further £3,000,000 was invested through the Office of Science & Technology, to make a total investment of £4,000,000. A full provision was made against the original investment of £250,000 in the financial statements for the year ending 31 July 1999. The investment is non-assignable and there will be no cash benefit to the School for the first 12 years or until the total value of the investment is three times the value of the original investment, i.e. £12,000,000.

16 Investments in associate 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 £394,000 (2024: £332,000; 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 loss 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 £21,000 (2024: £126,000).

16 Investments in associate and joint venture

	Consolidated 2025 £'000	2024 £'000	London Business School 2025 £'000	2024 £'000
At 1 August	458	492	-	-
Share of depreciation of NEWTON	(105)	(97)	-	-
Share of appreciation of GERA	62	63	-	-
At 31 July	<u>415</u>	<u>458</u>	<u>-</u>	<u>-</u>

17 Stock

	Consolidated 2025 £'000	2024 £'000	London Business School 2025 £'000	2024 £'000
Finished goods	94	129	94	129
	<u>94</u>	<u>129</u>	<u>94</u>	<u>129</u>

18 Trade and other receivables

	Consolidated 2025 £'000	2024 £'000	London Business School 2025 £'000	2024 £'000
Amounts falling due within one year:				
Amounts due from subsidiary companies	-	-	-	128
Other trade receivables	13,262	7,995	4,373	1,191
Other receivables	2,855	2,152	1,962	2,151
Prepayments and accrued income	12,056	7,993	5,970	4,750
	<u>28,173</u>	<u>18,140</u>	<u>12,305</u>	<u>8,220</u>

Notes to the financial statements

Year ended 31 July 2025

19 Creditors : amounts falling due within one year

	Consolidated		London Business School	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amounts due to subsidiary companies	-	-	20,323	20,134
Trade payables	10,154	10,187	9,180	9,301
Social security and other taxation payable	2,916	3,210	2,875	3,113
Accruals	26,955	27,116	25,095	25,525
Deferred income	48,051	45,540	45,095	44,023
Other creditors	2,892	1,867	2,210	1,867
	<u>90,968</u>	<u>87,920</u>	<u>104,778</u>	<u>103,963</u>

Deferred income

Included within deferred income are the following items of income, which will be recognised in the Statement of Comprehensive Income & Expenditure when specific performance related conditions have been met.

	Consolidated		London Business School	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Tuition Fees	41,031	41,121	38,701	39,604
Research grants received on account	6,869	4,264	6,243	4,264
Grant income	151	155	151	155
	<u>48,051</u>	<u>45,540</u>	<u>45,095</u>	<u>44,023</u>

20 Creditors : amounts falling due after more than one year

	Consolidated		London Business School	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Accruals and deferred income	1,124	1,091	1,124	1,091
Unsecured Loans	85,000	85,000	85,000	85,000
	<u>86,124</u>	<u>86,091</u>	<u>86,124</u>	<u>86,091</u>

On 31 July 2014, the School entered into a revolving credit facility agreement with HSBC. The loan agreement was for the ten year period to 31 July 2024. As at 31 July 2024, this facility of £40,000,000 was unused. On 11 July 2024, the School entered into a revolving credit facility agreement with HSBC. The loan agreement is for the seven year period to 31 July 2031. As at 31 July 2025, this facility of £40,000,000 was unused.

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.

Notes to the financial statements

Year ended 31 July 2025

21 Loans

	Consolidated 2025 £'000	2024 £'000	London Business School 2025 £'000	2024 £'000
Due within one year or on demand	-	-	-	-
Due in five years or more	85,000	85,000	85,000	85,000
Due after more than one year	85,000	85,000	85,000	85,000
Total unsecured loans	85,000	85,000	85,000	85,000

22 Provisions

Consolidated and School

	Defined Benefit obligation on USS Pension £'000	Defined Benefit obligation on SPS Pension £'000	Total Pensions Provisions £'000
At 1 August 2024	-	-	-
Utilised during the year	-	-	-
Revaluations in 2025	-	-	-
At 31 July 2025	-	-	-

USS Pension is a multi-employer scheme for entities not under common control. In previous years, the School entered into an agreement with the scheme that determines how the School will fund the deficit. This resulted 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 the Income & Expenditure statement in accordance with section 28 of FRS 102. No provision was necessary as at 31 July 2024 and 2025.

Further details are disclosed in note 30.

23 Financial Instruments

	Consolidated 2025 £'000	2024 £'000	London Business School 2025 £'000	2024 £'000
Financial Assets				
Measured at Fair Value through Comprehensive Statement of Income and Expenditure:				
Investments in common investment funds	73,235	64,784	1,071	-
Measured at undiscounted amounts receivable:				
Trade and other receivables	16,117	10,147	6,335	3,342
Equity Instruments measured at cost less impairment:				
Non-current asset investments in unlisted equity investments	1,890	2,308	-	-
Cash measured at amortised cost:				
Cash and cash equivalents	42,836	59,474	42,202	58,847
	134,078	136,713	49,608	62,189
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	15,962	15,264	14,265	14,281
	100,962	100,264	99,265	99,281

Notes to the financial statements

Year ended 31 July 2025

24 Income and expenditure reserve - endowment reserve

Endowment reserves are as follows:

			2025	2024
	Permanent endowments £'000	Expendable endowments £'000	Total £'000	Total £'000
At 1 August				
Capital	67,505	-	67,505	59,591
Accumulated income	-	2,045	2,045	2,792
	<u>67,505</u>	<u>2,045</u>	<u>69,550</u>	<u>62,383</u>
New endowments	3,977	63	4,040	1,036
Investment income	893	-	893	876
Intra-group transfer	-	-	-	1,175
Transfers	(2,104)	2,104	-	(1,225)
Expenditure	<u>(1,211)</u>	<u>(1,897)</u>	<u>(1,897)</u>	<u>(1,929)</u>
		207	(1,004)	(1,103)
Increase in market value of investments	5,904	-	5,904	7,234
At 31 July	<u><u>76,175</u></u>	<u><u>2,315</u></u>	<u><u>78,490</u></u>	<u><u>69,550</u></u>
Represented by:				
Capital	76,175	-	76,175	67,505
Accumulated income	-	2,315	2,315	2,045
	<u><u>76,175</u></u>	<u><u>2,315</u></u>	<u><u>78,490</u></u>	<u><u>69,550</u></u>
Analysis by type of purpose:				
Chairs	20,993	-	20,993	16,974
Scholarships	38,581	1,738	40,319	36,891
Other	16,601	577	17,178	15,685
	<u><u>76,175</u></u>	<u><u>2,315</u></u>	<u><u>78,490</u></u>	<u><u>69,550</u></u>
Analysis by asset				
Non current assets investments			74,054	67,092
Current asset investments			<u>4,436</u>	<u>2,458</u>
			<u><u>78,490</u></u>	<u><u>69,550</u></u>

The intra-group transfer represents funds that London Business School has agreed to transfer to its subsidiary, London Business School Anniversary Trust in instances where the endowment balance does not have an agreed amount of dividend / gilt income or accumulated capital growth.

Notes to the financial statements

Year ended 31 July 2025

25 Income and expenditure reserve - restricted reserve

Reserves with restrictions are as follows:

	Consolidated 2025 £'000	2024 £'000	London Business School 2025 £'000	2024 £'000
At 1 August	21,680	19,314	-	-
New donations	4,211	5,748	-	-
Transfer from expendable / expenditure	274	1,225	274	-
Revaluation	797	-	797	-
Expenditure	(4,312)	(4,607)	-	-
	<u>970</u>	<u>2,366</u>	<u>1,071</u>	<u>-</u>
At 31 July	22,650	21,680	1,071	-

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

	Consolidated 2025 £'000	2024 £'000	London Business School 2025 £'000	2024 £'000
Scholarships	5,323	4,773	-	-
Other	16,256	16,907	1,071	-
	<u>21,579</u>	<u>21,680</u>	<u>1,071</u>	<u>-</u>

26a Cash and cash equivalents	At 1 August 2024 £'000	Cash Flows £'000	At 31 July 2025 £'000
CONSOLIDATED			
Cash and cash equivalents	59,474	(16,638)	42,836
	<u>59,474</u>	<u>(16,638)</u>	<u>42,836</u>
Consolidated reconciliation of net debt			£'000
Net debt 1 August 2024			25,526
Movement in cash and cash equivalents			(16,638)
Net debt 31 July 2025			<u>8,888</u>
Change in net debt			<u>16,638</u>
26b Analysis of net debt:	2025 £'000		2024 £'000
Cash and cash equivalents	(42,836)		(59,474)
Borrowings: amounts falling due after more than one year			
Unsecured loans	85,000		85,000
	<u>85,000</u>		<u>85,000</u>
Net debt	<u>42,164</u>		<u>25,526</u>

27 Capital and other commitments

The consolidated London Business School group and the London Business School had £1,800,000 of capital commitments at 31 July 2025 (2024: nil).

28 Contingent liabilities

The School has no contingent liabilities at 31 July 2025 (2024: nil).

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

Notes to the financial statements

Year ended 31 July 2025

29 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	2025 Plant and Equipment £'000	Total £'000	2024 £'000
Payable during the year	2,901	46	2,947	2,948
Future minimum lease payments due:				
Not later than 1 year	3,099	46	3,145	2,983
Later than 1 year and not later than 5 years	12,235	-	12,235	11,319
Later than 5 years	770,887	-	770,887	773,679
Total lease payments due	786,221	46	786,267	787,981

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 128 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.

30 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.

	2025 Total £'000	2024 Total £'000
Universities Superannuation Scheme	9,220	10,578
Scottish Widows	537	291
	9,757	10,869
London Business School Pension Scheme	2,000	2,000
Total contributions charged to the Statement of Comprehensive Income and Expenditure	11,757	12,869

Notes to the financial statements

Year ended 31 July 2025

b) USS

Pension Costs

The total cost charged to the Statement of Comprehensive Income & Expenditure is £9,220,000 (2023/24: £10,578,000) as shown in notes 8 and 30a.

No deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the income and expenditure account during the year ended 31 July 2024.

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

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

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles.

Price inflation – Consumer Prices Index (CPI)	3.0% p.a. (based on a long-term average expected level of CPI, broadly consistent with long-term market expectations)
RPI/CPI gap	1.0% p.a. to 2030, reducing to 0.1% p.a. from 2030
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.

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

2023 valuation

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

Notes to the financial statements

Year ended 31 July 2025

b) USS (continued)

The current life expectancies on retirement at age 65 are:

	2025	2024
Males currently aged 65 years	23.8	23.7
Females currently aged 65 years	25.5	25.4
Males currently aged 45 years	25.7	25.6
Females currently aged 45 years	27.2	27.2

The assumptions used in calculating the liability were:

	2025	2024
Discount rate	0%	0%
Pensionable salary growth	Not required	Not required
Headcount growth	Not required	Not required

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 had 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 £40,000,000. In May 2025, the Trustees agreed to remove the floating charge over the Endowment Investments of the Trust. During the year, the School has continually met the requirements of the floating charge.

Assets and liabilities at each year end:	2025 £'000	2024 £'000
Total market value of assets	22,237	22,257
Present value of liabilities	(18,800)	(21,381)
Surplus	3,437	876
The amounts recognised in income and expenditure:	2025 £'000	2024 £'000
Net interest expense on defined benefit liability	(49)	(30)
Total expense	(49)	(30)

Notes to the financial statements

Year ended 31 July 2025

c) SPS continued

	2025 £'000	2024 £'000
The amounts recognised in the Statement of Comprehensive Income and Expenditure:		
Actual return on assets	(1,597)	644
Return on assets included in net interest	(1,152)	(1,050)
Asset loss	(2,749)	(406)
Liability experience gain / (loss)	150	(70)
Change of assumptions - gain / (loss)	3,067	(284)
Irrecoverable surplus	(2,517)	(876)
Remeasurement (loss) in the Statement of Comprehensive Income and Expenditure	(2,049)	(1,636)
Changes in the present value of the defined benefit liabilities:		
Opening value of liabilities	21,381	20,778
Interest cost	1,059	1,020
Benefits paid	(423)	(771)
Expected value of liabilities at end of the year	22,017	21,027
Liability experience (gain) / loss	(150)	70
Change of assumptions (gain) / loss	(3,067)	284
Closing value of liabilities	18,800	21,381
Changes in the value of the assets:		
Assets at beginning of the year	22,257	20,384
Expected return on assets	1,152	1,050
Employer contributions	2,000	2,000
Benefits paid	(423)	(771)
Expenses	-	-
Expected assets at end of the year	24,986	22,663
Loss on Scheme assets	(2,749)	(406)
Assets at end of the year	22,237	22,257
The main actuarial assumptions used to value the liabilities:		
Discount rate	5.90%	5.00%
Price inflation (RPI)	3.00%	3.10%
Price inflation (CPI)	2.70%	2.80%
Future increases to pensions in deferment	2.70%	2.80%
Future increases to pensions in payment	2.90%	3.00%
Mortality table	S4Px A CMI 2024 projection with 1.5% long term rate	S3Px A CMI 2023 projection with 1.5% long term rate
The total value of the assets (excluding annuities):		
Buy out aware funds	99%	98%
Cash / Other	1%	2%
	100%	100%

The actuarial loss in respect of pension schemes of £49,000 (2024: £364,000 gain) is calculated as the remeasurement loss £2,049,000 (2024: £1,636,000) plus £2,000,000 employer contribution increase in assets (2024: £2,000,000).

Notes to the financial statements

Year ended 31 July 2025

31 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 at London Business School Company Limited.

	2025	2024
	£	£
Professor Herminia Ibarra	4,200	27,000
Professor Anna Pavlova	30,000	-
Professor Oded Koenigsberg	7,200	-

There were no amounts owed to the above individuals at the end of the year (31 July 2024: £nil)

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 £430,000 (2024: £421,000) and specific sponsorship of £34,000 (2024: £6,000). The School also charged LBSSA for catering services amounting to £311,000 (2024: £315,000) and financial administrative services of £71,000 excluding VAT (2024: £71,000 excluding VAT). The School also donated estate services of £2,000 (2024: £2,000). At the year end, LBSSA owed an amount of £246,000 to the School (2024: £33,000).

Donations to the School include donations from 15 (2024 : 15) Governing Body members, either as individuals or Foundations associated with the member, totalling £436,000 (2024 : £1,668,000).

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.

32 Subsidiary undertakings

The subsidiary companies wholly-owned or effectively controlled by the School, are as follows:

Company	Principal Activity	Registerisation location	Status
London Business School Trading Company Limited	Provision of the trading activities of the School	England & Wales	100% owned
London Business School Anniversary Trust	Provision of the charitable purpose of the School	England & Wales	100% owned
Centre for Management Development at London Business School Company Limited	Provision of education in the field of business studies	England & Wales	100% owned
London Business School Trust Company Limited	Dormant	England & Wales	100% owned
Centre for Management Development at London Business School Arabia Limited	Dormant	Kingdom of Saudi Arabia	100% owned

Notes to the financial statements

Year ended 31 July 2025

33 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 any control over their activities. The movements in the year on the total funds of all connected institutions, as reported in their own financial statements, were as follows:

	Opening balance £'000	Income £'000	Expenditure £'000	Change in market value £'000	Closing balance £'000
Consolidated					
London Business School Anniversary Trust	93,141	17,633	(12,818)	5,904	103,860
Global Entrepreneurship Research Association (GERA) (31 December 2024)	999	730	(521)	-	1,208
Not consolidated					
London Business School Student Association (31 July 2024)	936	2,145	(2,351)	-	730

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.

Notes to the financial statements

Year ended 31 July 2025

34 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 (FRS 102) 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.

Primary Reserve Ratio

		2025		2024	
		£'000	£'000	£'000	£'000
Note / Schedule					
		Expendable Net Assets:			
Consolidated Balance Sheet	Consolidated Balance Sheet – Unrestricted Reserves	Net assets without donor restrictions	207,085		200,073
Consolidated Balance Sheet	Consolidated Balance Sheet – Restricted Reserves	Net Assets with donor restrictions	101,140		91,230
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)	321,547	307,393	
35	Note of the Financial Statements - 37 - Analysis of non current assets for US Financial Responsibility Supplemental Schedule	Property, plant and equipment – pre-implementation		300,317	297,105
N/A	N/A	Property, plant and equipment- post-implementation with outstanding debt for original purchase		-	-
35	Note of the Financial Statements - 37 - Analysis of non current assets for US Financial Responsibility Supplemental Schedule	Property, plant and equipment -post implementation without outstanding debt for original purchase		56	4,500
35	Consolidated Balance Sheet – Tangible Assets, net	Construction in progress		21,174	9,404
N/A	N/A	Lease right-of-use asset, net	-	-	
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		17,503	13,047
22	Consolidated Balance Sheet - Postemployment and pension liabilities	Post-employment and pension liabilities		-	-
21	Consolidated Balance Sheet - Loans	Long-term debt - for long term purposes	85,000		85,000
21	Consolidated Balance Sheet - Loans	Long-term debt - for long term purposes pre-implementation		35,000	35,000
21	Consolidated Balance Sheet - Loans	Long-term debt - for long term purposes post-implementation		50,000	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		-	-
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		-	-
24	Consolidated Balance Sheet – Endowment reserve	Net assets with donor restrictions: restricted in perpetuity		78,490	69,550

Notes to the financial statements

Year ended 31 July 2025

34 US Department of Education Financial Responsibility Supplemental Schedule (continued)

Primary Reserve Ratio (continued)

Note / Schedule			2025		2024	
			£'000	£'000	£'000	£'000
		Total Expenses and Losses:				
Consolidated Statement of Comprehensive Income and Expenditure	Consolidated Statement of Comprehensive Income and Expenditure - Total Expenditure Total expenditure (£217,005k) less Note 24 endowment reserve expenditure (£1,897k) and Note 25 restricted reserve expenditure (£4,312k)	Total expenses without donor restrictions –taken directly from Statement of Activities		210,796		158,852
Consolidated Statement of Comprehensive Income and Expenditure	Consolidated Statement of Comprehensive Income and Expenditure - (Investment income £2,795k, gain on investments £6,701k) – net gain not included	Non-Operating and Net Investment (loss)		-		-
Consolidated Statement of Comprehensive Income and Expenditure	Consolidated Statement of Comprehensive Income and Expenditure - (Investment income £2,795k, gain on investments £6,701k) – net gain not included	Net investment losses		-		-
Consolidated Statement of Comprehensive 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		-		-

Equity Ratio

			2025		2024	
			£'000	£'000	£'000	£'000
		Modified Net Assets:				
Consolidated Balance Sheet	Consolidated Balance Sheet – Unrestricted Reserves and Non-controlling interest	Net assets without donor restrictions		207,085		200,073
Consolidated Balance Sheet	Consolidated Balance Sheet – Restricted Reserves	Net assets with donor restrictions		101,140		91,230
12	Consolidated Balance Sheet – Intangible assets	Intangible assets		17,503		13,047
N/A	N/A	Secured and Unsecured related party receivable	-		-	
N/A	N/A	Unsecured related party receivables		-		-
Consolidated Balance Sheet	Consolidated Balance Sheet - Total assets	Total assets		485,732		465,772
N/A	N/A	Lease right-of-use asset pre-implementation		-		-
N/A	N/A	Pre-implementation right-of-use leases		-		-
12	Consolidated Balance Sheet – Intangible assets	Intangible assets		17,503		13,047
N/A	N/A	Secured and Unsecured related party receivable	-		-	
N/A	N/A	Unsecured related party receivables		-		-

Notes to the financial statements

Year ended 31 July 2025

34 US Department of Education Financial Responsibility Supplemental Schedule (continued)

Net Income Ratio

			2025		2024	
			£'000	£'000	£'000	£'000
Consolidated Statement of Comprehensive Income and Expenditure	Consolidated Statement of Comprehensive Income and Expenditure Total Comprehensive Income Unrestricted comprehensive gain £7,012k.	<u>Change in Net Assets Without Donor Restrictions</u>		7,012		43,836
Consolidated Statement of Comprehensive Income and Expenditure	Consolidated Statement of Comprehensive Income and Expenditure –Total Income Total income £227,275k, less investment income £2,795k, plus, actuarial gain £nil, share of gain in associate/joint venture £nil. Losses are not included.	<u>Total Revenues and Gains</u>		224,480		207,768

35 Analysis of non current assets for US Financial Responsibility Supplement Schedule

	Note	As at 1 August 2024 £'000	Transfers £'000	Additions £'000	Disposals £'000	Revaluation £'000	Depreciation on existing assets £'000	Depreciation on new assets £'000	As at 31 July 2025 £'000
Cost of Asset type									
Tangible	13	340,239	28,154	611	(396)	-	-	-	368,608
Assets under Construction	13	9,271	(28,154)	21,174	-	-	-	-	2,291
		349,510	-	21,785	(396)	-	-	-	370,899
Depreciation									
Tangible	13	42,117	-	-	(323)	-	7,003	555	49,352
		42,117	-	-	(323)	-	7,003	555	49,352
Net book value		307,393	-	21,785	(73)	-	(7,003)	(555)	321,547

	Existing Assets £'000	Transfers £'000	New Assets £'000	Construction in progress (CIP) Asset £'000
Cost of Asset type				
Tangible	339,843	28,154	611	-
Assets under Construction	9,271	(28,154)	-	21,174
	349,114	-	611	21,174
Depreciation by type				
Tangible	48,797	-	555	-
	48,797	-	555	-
Net book value	300,317	-	56	21,174

Governing Body

As at November 2025

Dr David Pyott CBE (Chair)

Member, Supervisory Board, Royal Philips

Mr Kumar Birla

(appointed 1 February 2025)

Chair, Aditya Birla Group

Ms Ann Cairns

Chair, Crown Agents Bank

Mr Roger Carlsson

CEO, FCT Europe Ltd

Professor Rajesh Chandy

Professor of Marketing, Tony and Maureen Wheeler Chair in Entrepreneurship, Academic Director, Wheeler Institute for Business and Development

Professor Gary Dushnitsky

(Appointed 1 August 2025)

Deputy Dean, Degree Education and Digital Learning and Professor of Strategy and Entrepreneurship

Professor Sendil Ethiraj

(Retired 31 July 2025)

Deputy Dean (Faculty) and Professor of Strategy and Entrepreneurship

Mr Richard Frost

Secretary to Governing Body

Ms Helen Foley

MBA Programme Director

Mr Gonzalo Garcia

Partner, Global Infrastructure Partners

Professor Sergei Guriev

Dean

Professor Herminia Ibarra

Charles Handy Professor of Organisational Behaviour

Ms Hind Bin Khirbash

CEO, Emirates National Investment

Professor Oded Koenigsberg

(Retired 31 July 2025)

Deputy Dean, Degree Education and Digital Learning and Professor of Marketing

Mr Ryan Kruger

Chair, Alumni Council and Managing Partner, 10Elms

Professor Gillian Ku

(Appointed 1 August 2025)

Deputy Dean (Faculty) and Professor of Organisational Behaviour

Mr Savio Kwan

Co-Founder, Partner and CEO, A & K Consultant Co. Ltd.

Ms Anna Marrs

Group President, Global Commercial Services and Credit & Fraud Risk, American Express

Ms Maggie McNamara

(Appointed 1 June 2025)

President, Student Association

Mr Henry Obi CBE

Partner and Head of Public and Regulatory Affairs, Helios Investment Partners LLP

Professor Anna Pavlova

Professor of Finance

Mr Raj Rao

(Appointed 1 February 2025)

President & COO, Global Infrastructure Partners

Ms Christiana Riley

Regional Head of North America, Banco Santander

Mr Zhen Ren Teo

(Retired 30 May 2025)

President, Student Association

Ms Sharon Thorne

(Appointed 1 November 2024)

Non-Executive Director

AUDIT & RISK COMMITTEE

Reports to Governing Body

Chair:

Mr Henry Obi CBE

Members:

Mr Roger Carlsson

Mr Ryan Kruger

Mr Gary Narunsky

Secretary:

Mr Richard Frost, Secretary

In attendance:

Professor Sergei Guriev, Dean

Ms Joyce Bill, Chief Financial Officer & Treasurer

FINANCE COMMITTEE

Reports to Governing Body

Chair:

Mr Gonzalo Garcia

Members:

Ms Hind Bin Khirbash

Dr David Pyott CBE

Mr Raj Rao

Ms Sharon Thorne

Secretary:

Ms Tracy Siu, Deputy Chief Financial Officer

In attendance:

Professor Sergei Guriev, Dean
Ms Joyce Bill, Chief Financial Officer & Treasurer
Professor Florin Vasvari

GOVERNANCE AND NOMINATIONS COMMITTEE

Reports to Governing Body

Chair:

Dr David Pyott CBE

Members:

Ms Ann Cairns
Mr Gonzalo Garcia
Professor Sergei Guriev, Dean
Ms Anna Marrs

Secretary:

Mr Richard Frost, School Secretary

In attendance:

Ms Emily Robin, Associate Dean, Advancement

REMUNERATION COMMITTEE

Reports to Governing Body

Chair:

Ms Christiana Riley

Members:

Mr Savio Kwan
Ms Anna Marrs
Dr David Pyott

Secretary:

Ms Jane Gibbon, Chief People Officer

Professional advisors

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WC2A 3LH

External Auditor

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Internal Auditor

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