

London
Business
School

Financial Statements

2015–2016



Contents

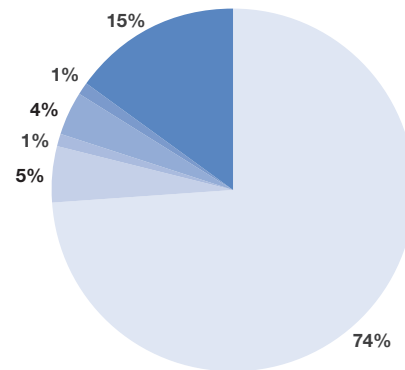
Summary of financial highlights	4
Dean's and Chairman's statements	5
Corporate governance statement	6
Statement of the Governing Body's responsibilities	8
Public benefit statement	10
Treasurer's report	11
Independent auditor's report to the Governing Body of London Business School	15
Consolidated and School Statement of Comprehensive Income and Expenditure	16
Consolidated and School Statement of Changes in Reserves	17
Consolidated and School Balance Sheet	18
Consolidated Cash Flow	19
Accounting policies	20
Notes to the financial statements	24
Governing Body	48
Professional advisors	49

Summary of financial highlights

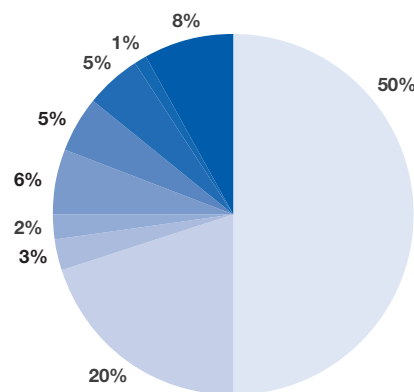
CONSOLIDATED

	2016 £'000	Restated 2015 £'000
INCOME		
Academic fees	113,038	111,622
Funding Council grants	7,019	7,600
Research grants and contracts	1,685	1,608
Other income	5,622	5,840
Investment income	1,517	1,347
Donations and endowments	<u>23,253</u>	<u>20,536</u>
Total income	<u>152,134</u>	<u>148,553</u>
EXPENDITURE		
Staff costs	68,305	70,446
Other costs		
External teaching and teaching support	28,012	26,277
Marketing	4,555	5,320
Technology	3,155	2,937
Premises and utilities	7,969	6,801
Catering and accommodation	7,286	7,331
Depreciation	6,509	6,190
Interest and other finance costs	680	624
Other overheads (including tax)	<u>10,905</u>	<u>10,510</u>
Total expenditure	<u>137,376</u>	<u>136,436</u>
Share of operating surplus of associate company	11	5
(Loss) / Gain on investments	<u>3,974</u>	<u>3,076</u>
Surplus for the year	<u>18,743</u>	<u>15,198</u>
BALANCE SHEET		
Tangible assets	261,265	139,474
Investments	51,908	56,886
Other current assets	14,986	36,393
Current liabilities	(71,295)	(59,137)
Long-term liabilities	(1,882)	(2,317)
Provisions	<u>(28,590)</u>	<u>(20,798)</u>
Net assets	<u>226,392</u>	<u>150,501</u>
Represented by		
Endowment reserve	47,678	42,036
Restricted reserve	2,178	2,195
Unrestricted reserve	47,671	41,311
Revaluation reserve	<u>128,865</u>	<u>64,959</u>
	<u>226,392</u>	<u>150,501</u>

INCOME 2016



EXPENDITURE 2016



Dean's statement

The School's first comprehensive fundraising campaign closed in July. A resounding success, the totals far exceeded our goal of £100m and 100,000 hours of volunteer time, coming in at £125m and over 124,000 hours - and in just over two and a half years instead of five. This represents massive support from the London Business School community and, in practical terms, will give us the space we urgently need, help us to enhance our scholarship offering, provide more funds for research, develop our technological infrastructure and improve the quality of everything we do.

We are also pleased that this year:

- We continued to be recognised as one of the world's top schools. We were rated number one business school in Europe by the Financial Times and among the top schools in the world in several rankings;
- We launched a new pre-experience Masters in Financial Analysis programme, with the first cohort starting in September;
- Executive education's 5-year transformation was completed and a huge amount achieved;
- Five faculty members were listed amongst the world's top management thinkers in the latest Thinkers50 ranking;
- There was good progress on the Sammy Ofer Centre and it is now less than a year from completion;
- Our future at Sussex Place was secured by the renewal of our lease for 125 years;
- We procured a new learning management system to support our digital technology plans;
- Two new Massive Online Open Courses (MOOCs) were launched, as well as the introduction of faculty webinars.

I'm grateful for the continued support of our alumni, students, staff, faculty, governing body members, and friends. All are crucial to our continuing contribution to individuals, organisations and the societies in which they live and work.



Professor Sir Andrew Likierman
Dean
London Business School

Chairman's statement

I have pleasure in presenting the Financial Statement of London Business School for the period ending 31 July 2016.

The School has been extraordinarily successful since it was founded in the 1960s. At that time it was supported by the government, but that support has been reduced to minimal proportions. Fundraising, growth and a larger endowment are therefore important to sustain the School's activities.

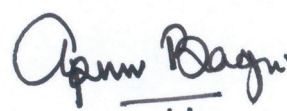
We are privileged to have faculty of the highest order at the School. It is their research and thought-leadership, that helps the School achieve its vision to have a profound impact on the way the world does business. To retain and attract them, we must be able to offer competitive packages, faculty Chairs and money for research.

To accommodate its physical growth, the School has acquired the historic Old Marylebone Town Hall and is in the process of transforming it into a world-class teaching and learning space, just a few minutes' walk from the main campus. Known as The Sammy Ofer Centre, it will provide expansion room for the foreseeable future.

Also contributing to the School's impact are our alumni around the globe. So we want to attract the best students and, in order to do so, we must compete with other schools on the scholarships that we offer.

In all this, the School needs to maintain the quality which has helped make it a global leader in business education.

Our first comprehensive fundraising campaign, which we successfully closed at the end of the School's financial year, will help us in all these areas. We are fortunate to have so many people – alumni, faculty and friends alike - support the School and give so freely of their time. Quite simply, we could not manage without them, and I am hugely appreciative of everything they do. Thank you on behalf of the whole School community.



The Hon Apurv Bagri
Chairman of Governing Body
London Business School

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 has applied the principles set out in the UK Corporate Governance Code (formerly the Combined Code on Corporate Governance) issued by the London Stock Exchange in June 1998 and revised in June 2010 in so far as they relate to Higher Education Institutions. Its purpose is to help the reader of the financial statements understand how these principles have been applied.

The School's Governing Body has adopted the voluntary Higher Education Code of Governance published by the Committee of University Chairs in 2014. The School's practices are consistent with the provisions of the code.

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

The School's Governing Body comprises lay and academic persons and a student association representative, appointed under the statutes of the School, the majority of whom are non-executive. Vacancies for non-executive members of the Governing Body are advertised publicly and the recruitment procedure takes full account of the School's equality and diversity policies. The role of Chairman of Governing Body is separated from the role of the School's chief executive, the Dean. The role of Treasurer is undertaken by the Associate Dean, Operations. 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 Financial Memorandum with the Higher Education Funding Council for England ("HEFCE"), 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 four times during the 2015-16 financial year. It has six committees: an Audit and Risk Committee, a Campaign Committee, a Finance Committee, an Estates 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 present at all meetings, with external auditors attending at least once. The Committee considers the 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 Funding Council as they affect the School's business and monitors adherence to the regulatory requirements. Senior executives attend meetings of the Audit and Risk Committee, but are not members of the committee. The committee has the option of meeting the external and internal auditors on their own for independent discussions.

The Campaign Committee is responsible for the leadership and promotion of the School's fundraising campaign.

The Estates Committee is responsible for the effective oversight of a project to develop Old Marylebone Town Hall, the leasehold for which was acquired by the School in November 2012.

The Finance Committee recommends to the Governing Body the School's annual budget, monitors performance in relation to the approved budgets 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 committee has an Investment Committee reporting to it. This committee is chaired by the Treasurer and reviews and oversees the School's investment portfolio and strategy.

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 2016 and up to the date of approval of the financial statements, that it is regularly reviewed by the Governing Body and that 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 2016 meeting an assessment for the year ended 31 July 2016 was carried out upon receipt of documentation from senior management and the Audit and Risk Committee. At its November 2016 meeting, 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 2016 to take place. This assessment took into account events since 31 July 2016.

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.

Statement of the Governing Body's responsibilities

In accordance with the School's Charter and Statutes of Incorporation, the Governing Body is responsible for the administration and management of the affairs of the School, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Governing Body is responsible for ensuring that proper accounting records are kept that disclose at any time, and with reasonable accuracy, the financial position of the School, to enable it to ensure that the financial statements are prepared in accordance with the School's Charter of Incorporation, the Statement of Recommended Practice "Accounting for Further and Higher Education" and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the governors of the School, the Governing Body, through its designated office holder, is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the School and of the surplus or deficit and cash flows for that year.

Financial statements are published on the School's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the School's website is the responsibility of the Governing Body. The Governing Body's responsibility also extends to the ongoing integrity of the financial statements contained therein.

In relation to the preparation of the 2015-16 financial statements, the Governing Body has ensured that:

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

The Governing Body has taken reasonable steps to:

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

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performances and monthly reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, being subject to formal detailed appraisal and review according to established approval levels;
- comprehensive financial regulations, detailing financial controls and procedures;

- a professional internal audit function whose annual programme is approved by the Audit and Risk Committee.

The Audit and Risk Committee, on behalf of the Governing Body, has reviewed the effectiveness of the system of internal control operated by the School and its subsidiaries and quasi-subsidiaries. Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

BY ORDER OF THE GOVERNING BODY

Richard Frost

Secretary

1 December 2016

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 2020-21 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 HEFCE's Higher Education Innovation Fund.

Treasurer's report

Strategy and objectives

The School's vision is to have a profound impact on the way the world does business. It aims to achieve this vision through the research produced and disseminated by its faculty, and through the achievements and influence of its degree programme graduates and executive education participants.

Degree Programmes

The School's masters degree portfolio was expanded with the introduction of the Global Masters in Management. Student recruitment was largely at or above target.

Financial results for 2015-16 show degree programme fee income of £68 million against prior year fee income of £64 million. Net contribution was a 7% growth on the previous year. All milestones were met to introduce the new pre-experience Masters in Financial Analysis programme in September 2016. The viability of launching a sixth stream of the MBA in 2018-19 is being assessed.

Reviews of the Masters in Leadership and Strategy (Sloan) and MBA programmes will be completed in autumn 2016.

In the *Financial Times* rankings, the MBA fell from second to third. The EMBA-Global rose from fifth to fourth, and the EMBA rose from twenty-fifth to nineteenth. The MiF fell from first to second. The MiM rose from tenth to sixth. The MBA rose from fourth to second in the Business Week ranking of non-US programmes.

The Career Centre was successful in meeting or exceeding targets for all ranked full-time degree programmes.

Executive Education

The School's open programme revenue remained consistent with the prior year revenue of £20 million. Custom programme revenue was £24 million against prior year revenue of £27 million.

The participant net promoter score increased from +64 to +69 for open programmes and decreased from +79 to +74 for custom programmes. The corporate client NPS for custom programmes increased from +73 to +78.

Executive education rankings in the *Financial Times* rose from seventeenth to twelfth for open programmes and fell from fourth to fifth for custom programmes.

Digital Centre

The School continues to invest in digital learning with the construction of a firm foundation, through evolution in practices and distinctiveness in digital learning activity.

Activity during 2015-16 has focused on four key areas: the implementation of a new learning management system, Canvas; the adoption of digital design and delivery; the establishment of the School's digital brand through external activities; and partnership with faculty to create digital learning innovation prototypes.

The library continues to digitise assets and is preparing for relocation to the Sammy Ofer Centre in 2017.

Regional Strategies

The Global Masters in Management programme, delivered jointly with Fudan School of Management, was successfully introduced, with the recruitment target and key quality indicators all being met. The new programme has acted as a focal point for a series of activities in China. The Dubai Executive MBA programme has acted as the focal point for activities in the Middle East. Cross-School liaison groups have been established to draw up plans for continental Europe.

Research

Work continued in the School's six key research initiatives: the Aditya Birla India Centre, the Centre for Corporate Governance, the Private Equity Institute, the Deloitte Institute of Innovation and Entrepreneurship, the AQR Asset Management Institute and the Leadership Institute.

The Research and Faculty Office continued to lead work to enhance the School's research infrastructure. LBS Research Online, the School's institutional repository to support open access to faculty research, went live on schedule in March 2016. Research grant applications to the value of £2.67 million have been successful, compared with £0.81 million in 2014-15.

The PhD programme met its target intake of 17 students, slightly reducing the overall number of doctoral students from 81 to 78. Of the 9 students graduating this year, 8 have obtained academic placements, with 3 receiving offers from schools ranked in the *Financial Times* top 50.

Treasurer's report *continued*

Developing Resources

Faculty

Seven new members of faculty were recruited to join the School for the 2016-17 year, compared with one in 2015-16. Eight members of faculty left the School by the end of the year, all of whom left the School's tenure track. The total core faculty headcount will decrease from 101 to 99 in 2016-17. The number of affiliated and other faculty will increase from 63 to 64 in 2016-17.

Staff

The School's values – ambitious, communal, courageous, eclectic and engaged – define a culture which supports the achievement of its vision. The School's new HR strategy incorporates the development of School-wide behaviours linked to the values.

The School recognises the strategic importance of a diverse workforce. The Diversity Working Group continued to drive the development and recognition of diversity within the School, overseeing further development of the equality and diversity web page and the introduction of new training on intercultural awareness and cultural intelligence.

The School has identified a need to improve its ability to manage change and to encourage collaboration in order to ensure that it is agile and quick to adopt new practices. A change network has been established with the aim of managing change more effectively within individual departments and across the School.

Voluntary staff turnover increased slightly from 18% to 20% against a target of 20%.

Estates and Campus Services

The School's estates master plan aims to increase both the capacity and the quality of its estate. In line with this plan work continued on the Sammy Ofer Centre with completion scheduled for May 2017. A new 125-year leasehold agreement for Sussex Place was signed in June 2016. The School vacated its offices at 6-16 and 18-20 Huntsworth Mews following non-renewal of the lease and staff from the Degree Programmes Office moved into newly acquired leasehold offices at 15-17 Huntsworth Mews.

The School's carbon emissions are forecast to decrease by 8.5% against 2014-15, bringing overall emissions to 19% below the 2005 baseline against sector targets of 29% by 2017 and 43% by 2020.

During the year the School invested £38 million in the Sammy Ofer Centre (£17 million in 2014-15); £21 million on the acquisition of the new lease for Sussex Place; and a further £5 million (£5 million in 2014-15) on plant maintenance, replacement, and refurbishment across the whole campus.

IT

During the year the School invested £4 million (£3 million in 2014-15) in technology. The main priorities this year were projects essential to compliance and contractual requirements, operational maintenance and the Sammy Ofer Centre. The open access institutional repository to hold faculty research, upgrade of the Chris21 HR system, and upgrade of the electives bidding system were completed. A more cost effective and function rich print service, an access control system using smartcards for building access and printing ID, and the Connect HR strategic solution are in implementation.

Secondary priorities related to revenue generation and operational improvements. Learning hub core technologies to enable the Canvas learning management system initial pilots to run were completed. Phase one of the estates services management solution for facilities management, and development of an alumni directory portal are also underway.

Advancement

The campaign to raise £100 million closed in July 2016 at £125.1 million.

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; its subsidiary company London Business School Trading Company Limited; its quasi-subsidiaries, the London Business School Anniversary Trust ('the Trust'), the Centre for Management Development Company Limited ('CMD') and Sussex Place Ventures Limited ('SPV'); and its investment in the Global Entrepreneurship Research Association ('GERA'). 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 campus services and fundraising. The financial statements of the Trust have been prepared under the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in 2014 and the Charities Act 2011.

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.

Changes in accounting standards

In line with the rest of the sector, the financial statements are now prepared using the new Statement of Recommended Practice: Accounting for Further and Higher Education 2015 which reflects the changes to UK GAAP following the issue of FRS102 effective for financial years beginning on or after 1 January 2015.

The main changes following the adoption of the new financial standard are presentational but also include two key changes namely the inclusion of the share of the liability relating to the multi-employer pension scheme (USS); and the removal of deferred capital grants.

Results for the year

A summary of the School's results for the year to 31 July 2016 is as follows:

	2016 £'000	2015 £'000
Income	152,134	148,553
Expenditure	(137,376)	(136,436)
Share of operating surplus of associate company	11	5
Increase following the gain on investments	<u>3,974</u>	<u>3,076</u>
Surplus for the year after tax	<u>18,743</u>	<u>15,198</u>
Pension fund actuarial loss	(6,758)	(1,976)
Increase following the revaluation of properties	<u>63,906</u>	-
Total comprehensive income for the year	<u>75,891</u>	<u>13,222</u>

Results

We are pleased to report that the School has had another excellent year having achieved a surplus for the year after tax of £18.7 million (2015: £15.2 million) before property revaluations and pension fund actuarial losses.

Income in the year grew by £3.6 million (2.4%). Fees from Degree Programmes grew from £64 million to £68 million; Executive Education open programme revenues remained at £20 million; and Executive Education custom programme revenues reduced from £27 million to £24 million. Income from other sources including HEFCE, research grants, and catering, remained constant at £16 million. Donations and endowments grew from £21 million to £23 million.

Expenditure in the year grew by less than £1 million (<1%), due largely to the ongoing focus on effective cost management.

Reserves

Reserves have increased from £151 million to £226 million.

The unrestricted general reserve increased by £6 million as a result of operating surpluses. The endowment reserve increased by £6 million as a result of new endowments received in the year. The revaluation reserve increased by £64 million following a revaluation of the Schools properties as at 31 July 2016 and taking account of the new 125 year Sussex Place lease.

Investment portfolio

The School's investment portfolio is managed by an external fund manager, based on the investment strategy set by the Investment Committee. Returns on funds during the year were in line with market benchmarks. The School also invests in a student loan funding scheme.

Endowment and Investment income increased to £1.5 million from £1.3 million and is included in the income and expenditure account for the year.

The market value of the investment portfolio at the year-end was £51 million compared to £56 million at last year end, reflecting an underlying gain on revaluation of £4 million offset by a net divestment of £9 million in the year.

Treasurer's report *continued*

Monitoring performance and principal risks

The School has in place a full risk assessment process. In addition, monthly reporting is produced for senior management to monitor key performance measures around key areas. These include student, participant and client feedback on teaching and experience in general; graduate recruitment; Degree Programme applications and conversions; executive education participant applications and numbers; financial risks to achieving the budget; and faculty and staff turnover. These allow us to take necessary action as quickly as possible where required during the year.

The future

It continues to be the vision of London Business School to have a profound impact on the way the world does business.

The School has always been restricted in its ability to achieve this vision by its size. It has a smaller faculty and fewer students than many of its competitors. In order to increase the impact it has on the way the world does business it needs to grow, while at the same time continuing to enhance the quality of its research and programmes to maximise their influence and maintain a competitive position at the top of the world rankings.

The School's estates masterplan to increase the capacity (and quality) of the estate is now well underway and will deliver the Sammy Ofer Centre with six large new lecture theatres next year.

When the new building opens the School is well placed to grow its programmes which will increase the number of alumni and participants and the extent of the School's impact on all areas of business. Aligned growth in faculty will enable the creation of critical mass in each subject area. Continued investment in promoting the brand, and in technology and digital learning, will ensure we are able to continue to enhance the overall experience.

The School will continue to work with the International Alumni Council to build engagement with its global alumni community. Relationships with the School's key stakeholders will continue to be developed to expand the valuable support they provide for its activities.

The School will continue to ensure that the plans for the future provide the School with a robust and sustainable financial model to develop its resources and implement its strategies to realise its vision.

The School's financial strategy continues to target operating break evens with operating cash surpluses; fundraising to support both capital investments and the growth of the School's endowment; supported by borrowing facilities to fund short to medium term cash requirements. As such we continue to monitor our cash flow very closely to ensure we can optimise borrowings and have sufficient resources to fund investments.

Catherine Webster

Treasurer

1 December 2016

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

We have audited the financial statements of London Business School for the year ended 31 July 2016. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Governing Body, in accordance with the Charters and Statutes of the institution. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it 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 Governing Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of Governing Body Statement set out on page 8 the Governing Body is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and School's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge

acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the School's affairs as at 31 July 2016 and of the Group's and School's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the School for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the School's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.

Neil Thomas

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

December 2016

Consolidated and School Statement of Comprehensive Income and Expenditure

Year ended 31 July 2016

	Notes	Consolidated		London Business School	
		2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Income					
Academic fees	1	113,038	111,622	88,812	84,476
Funding Council grants	2	7,019	7,600	7,019	7,600
Research grants and contracts	3	1,685	1,608	1,688	1,608
Other income	4	5,622	5,840	15,775	15,317
Investment income	5	1,517	1,347	78	98
Total income before endowments and donations		128,881	128,017	113,372	109,099
Donations and endowments	6	23,253	20,536	23,638	17,797
Total income		152,134	148,553	137,010	126,896
Expenditure					
Staff costs	7	68,305	70,446	61,265	65,088
Other operating expenses	9	61,882	59,176	55,665	49,142
Depreciation	11	6,509	6,190	6,509	6,190
Interest and other finance costs	8	680	624	680	624
Total expenditure		137,376	136,436	124,119	121,044
Surplus before other gains and share of operating surplus of associates					
		14,758	12,117	12,891	5,852
Gain on investments	13	3,974	3,076	-	-
Share of operating surplus in associate	14	11	5	-	-
Surplus before tax		18,743	15,198	12,891	5,852
Taxation	10	-	-	-	-
Surplus for the year		18,743	15,198	12,891	5,852
Unrealised surplus on revaluation of land and buildings	11	63,906	-	63,906	-
Actuarial loss in respect of pension schemes		(6,758)	(1,976)	(6,758)	(1,976)
Total comprehensive income for the year		75,891	13,222	70,039	3,876
Represented by:					
Endowment comprehensive income for the year		5,642	8,810	-	-
Restricted comprehensive income for the year		(17)	195	-	-
Unrestricted comprehensive income for the year		6,360	4,217	6,133	3,876
Unrealised revaluation income for the year		63,906	-	63,906	-
		75,891	13,222	70,039	3,876
Surplus for the year attributable to:					
Non controlling interest		11	5	-	-
School		18,732	15,193	12,891	5,852
Total Comprehensive income for the year attributable to:					
Non controlling interest		11	5	-	-
School		75,880	13,217	70,039	3,876

All items of income and expenditure relate to continuing activities

The notes on pages 24–46 form part of these financial statements.

Consolidated and School Statement of Changes in Reserves

Year ended 31 July 2016

CONSOLIDATED

	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2014	33,226	2,000	37,094	64,959	137,279
Surplus from the income and expenditure statement	8,810	195	6,193	-	15,198
Other comprehensive income	-	-	(1,976)	-	(1,976)
	8,810	195	4,217	-	13,222
Balance at 1 August 2015	42,036	2,195	41,311	64,959	150,501
Surplus/(deficit) from the income and expenditure statement	5,642	(17)	13,118	-	18,743
Other comprehensive income	-	-	(6,758)	63,906	57,148
Total comprehensive income for the year	5,642	(17)	6,360	63,906	75,891
Balance at 31 July 2016	47,678	2,178	47,671	128,865	226,392

SCHOOL

	Income and expenditure account			Revaluation reserve	Total
	<i>Endowment</i>	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2014	-	-	17,642	64,959	82,601
Surplus from the income and expenditure statement	-	-	5,852	-	5,852
Other comprehensive income	-	-	(1,976)	-	(1,976)
	-	-	3,876	-	3,876
Balance at 1 August 2015	-	-	21,518	64,959	86,477
Surplus from the income and expenditure statement	-	-	12,891	-	12,891
Other comprehensive income	-	-	(6,758)	63,906	57,148
Total comprehensive income for the year	-	-	6,133	63,906	70,039
Balance at 31 July 2016	-	-	27,651	128,865	156,516

The notes on pages 24–46 form part of these financial statements.

Consolidated and School Balance Sheet

Year ended 31 July 2016

	Notes	Consolidated		London Business School	
		2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Non-current assets					
Fixed assets	11	261,226	139,435	261,226	139,435
Heritage assets	11	39	39	-	-
Investments	13	47,678	42,036	10	10
Investment in associate company	14	460	449	-	-
		<u>309,403</u>	<u>181,959</u>	<u>261,236</u>	<u>139,445</u>
Current assets					
Investments	13	3,770	14,401	-	-
Stock	15	102	126	91	114
Trade and other receivables	16	10,659	11,328	6,406	6,851
Cash and cash equivalents	22	4,225	24,939	3,679	24,078
		<u>18,756</u>	<u>50,794</u>	<u>10,176</u>	<u>31,043</u>
Current liabilities					
Creditors: amounts falling due within one year	17	<u>(71,295)</u>	<u>(59,137)</u>	<u>(84,424)</u>	<u>(60,896)</u>
Net current liabilities		<u>(52,539)</u>	<u>(8,343)</u>	<u>(74,248)</u>	<u>(29,853)</u>
Total assets less current liabilities		<u>256,864</u>	<u>173,616</u>	<u>186,988</u>	<u>109,592</u>
Creditors: amounts falling due after more than one year	18	(1,882)	(2,317)	(1,882)	(2,317)
Provisions					
Pension provisions	19	<u>(28,590)</u>	<u>(20,798)</u>	<u>(28,590)</u>	<u>(20,798)</u>
Total net assets		<u>226,392</u>	<u>150,501</u>	<u>156,516</u>	<u>86,477</u>
Restricted Reserves					
Income and expenditure reserve – endowment reserve	20	47,678	42,036	-	-
Income and expenditure reserve – restricted reserve	21	2,178	2,195	-	-
		<u>49,856</u>	<u>44,231</u>	-	-
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		47,671	41,311	27,651	21,518
Revaluation reserve		128,865	64,959	128,865	64,959
		<u>176,536</u>	<u>106,270</u>	<u>156,516</u>	<u>86,477</u>
Total reserves		<u>226,392</u>	<u>150,501</u>	<u>156,516</u>	<u>86,477</u>

The financial statements were approved by the Governing Body on 1 December 2016 and were signed on its behalf on that date by:

The Honourable Apurv Bagri
Chairman

Professor Sir Andrew Likierman
Dean

The notes on pages 24–46 form part of these financial statements.

Consolidated Cash Flow

Year ended 31 July 2016

	Notes	2016 £'000	Restated 2015 £'000
Cash flow from operating activities			
Surplus for the year		18,743	15,198
Adjustment for non-cash items			
Depreciation	11	6,509	6,190
Gain on investments	13	(3,974)	(3,076)
Loss on write off of assets	11	3,423	-
Loss on revaluation	11	673	-
Decrease in stock	15	24	82
Decrease in debtors	16	669	4,316
Increase in creditors	17,18	3,558	3,615
Increase in pension provision	19	1,034	5,699
Share of operating surplus in associate	14	(11)	(5)
Adjustment for investing or financing activities			
Investment income	5	(1,517)	(1,347)
Interest payable	8	680	525
Endowment income	6	(2,864)	(6,936)
Capital Grant income		-	-
Prodigy capital distribution	13	463	-
Net cash inflow from operating activities		<u>27,410</u>	<u>24,261</u>
Cash flows from investing activities			
Payments made to acquire fixed assets	11	(68,490)	(25,160)
New non-current asset investments	13	(2,000)	(1,530)
Disposal of current asset investments	13	10,500	-
Capital Grant receipts	17	165	134
Investment income	5	1,517	1,347
		<u>(58,308)</u>	<u>(25,209)</u>
Cash flows from financing activities			
Interest paid	8	(680)	(525)
Endowment cash received	6	2,864	6,936
New bank loans	17	8,000	-
		<u>10,184</u>	<u>6,411</u>
(Decrease)/increase in cash and cash equivalents in the year		<u>(20,714)</u>	<u>5,463</u>
Cash and cash equivalents at beginning of the year	22	24,939	19,476
Cash and cash equivalents at end of the year	22	4,225	24,939

The notes on pages 24–46 form part of these financial statements.

Accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015. The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets and investments. The School is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards.

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.

In determining and applying accounting estimates for:

- prepayments and accruals, there are either time or unit criteria which enable the estimate to be a fair assessment;
- pension liabilities and estate valuation, the School has relied upon the judgements of appropriately qualified third party professionals or used assessment tools provided by the pension provider.

(b) Basis of consolidation

The consolidated financial statements include London Business School ("The School") and all its subsidiaries and quasi-subidiaries 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"). The year end date for GERA is 31 December. It differs from that of the School because its main business operation revolves 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 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 Students Association as the School does not exert control or dominant influence over policy decisions.

(c) Income recognition

Fee income

Academic fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income 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 are included as course payments in advance within creditors on the balance sheet.

Grant funding

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non government sources 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 general 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 other restriction applied to the individual endowment fund.

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

1. 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.
2. 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.
3. 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.

Increases or decreases in 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.

(d) Accounting for retirement benefits

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

The London Business School Staff Pension 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 these pension schemes and the liabilities of these pension schemes, measured on an actuarial basis using the projected unit method, are 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 these pension schemes' asset or liability arising from factors other than cash contribution by the School are charged to the income and expenditure account.

The institution participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution 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 and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

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.

(e) 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.

(f) 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.

Accounting policies *continued*

(g) Fixed assets

All fixed 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.

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

	Annual rates of depreciation
Land	no depreciation
Freehold buildings	2 %
Leasehold buildings	period of lease
Facility improvements	10 %
Furniture, fittings and equipment	20-25 %
Investment in technology	14-33 %

A full month's depreciation is charged in the month of purchase and no depreciation is charged in the year of disposal. Any gains and losses on disposals of fixed assets are reflected in the income and expenditure account in the year in which they occur. Assets in the course of construction are accounted for at cost and are capitalised as incurred but are depreciated only when the individual asset is operational.

Freehold and long leasehold land and buildings are re-valued on the basis of existing use. This is detailed in note 11.

(h) Heritage assets

The School does not ordinarily capitalise its heritage assets, although it has capitalised a small number of pictures. The cost is disclosed within Fixed assets. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

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

(i) Service Concession Arrangements

Fixed assets held under service concession

arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

(j) Investments

Listed investments are included in the balance sheet at market value, where they are publicly quoted. Other investments are held at cost. Investments in associate companies are shown in the consolidated balance sheet at attributable share of net assets.

(k) Stock

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

(l) 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.

(m) 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.

(n) Trade and other payables

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

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the School has at 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 are disclosed in the notes.

(p) Taxation

The School is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The School is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

(q) 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

(r) Going concern

The Governing Body have been provided with detailed financial forecasts and estimates of income, expenditure and cash flows for the period to 31 July 2021, and a high-level forecast of income, expenditure and cash flows for the period to 31 July 2026. Detailed income forecasts and monthly cash flows have been prepared for the period to 31 July 2017. Adequate financing arrangements are in place together with the investment portfolio to mitigate financial risks contained within the projections.

The Governing Body believes that the School is well placed to manage its business risks effectively, despite the current uncertain economic situation. The members of the Governing Body have a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future, and is confident that its future income streams will maintain these resources. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(s) Transition to 2015 SORP

The School is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to Accounting for Further and Higher Education SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the School is provided in note 31.

Notes to the accounts

for the year ended 31 July 2016

1 Tuition fees and education

	Consolidated		London Business School	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
MBA	27,920	26,137	27,920	26,137
Masters in Management	6,518	4,682	6,518	4,682
Sloan Fellowship	3,094	3,035	3,094	3,035
Executive MBA	16,676	16,467	16,676	16,467
EMBA-Global / Global Asia	5,202	4,670	5,202	4,670
Masters in Finance	7,421	7,559	7,421	7,559
PhD Programme	1,314	1,086	1,314	1,086
Executive Education Open Programmes	19,592	19,983	19,591	19,983
Executive Education Custom Programmes	24,225	27,146	-	-
Other Programme Income	1,076	857	1,076	857
	<u>113,038</u>	<u>111,622</u>	<u>88,812</u>	<u>84,476</u>

2 Funding body grants

	Consolidated		London Business School	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Recurrent grant				
Higher Education Funding Council	3,252	3,674	3,252	3,674
Capital grant	578	792	578	792
Specific grants				
Higher Education Innovation Fund	3,189	3,134	3,189	3,134
	<u>7,019</u>	<u>7,600</u>	<u>7,019</u>	<u>7,600</u>

3 Research grants and contracts

	Consolidated		London Business School	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Research councils	397	393	397	393
UK charities	251	249	251	249
Government (UK and overseas)	1,002	924	1,002	924
Other	35	42	38	42
	<u>1,685</u>	<u>1,608</u>	<u>1,688</u>	<u>1,608</u>

4 Other income

	Consolidated		London Business School	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Residences, catering and conferences	1,634	2,453	5,249	5,282
Management Services	-	-	7,299	7,496
Other general income	3,988	3,387	3,227	2,539
	<u>5,622</u>	<u>5,840</u>	<u>15,775</u>	<u>15,317</u>

5 Investment income

	Notes	Consolidated		London Business School	
		2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Investment income on endowments	20	1,036	525	-	-
Investment income on restricted reserves	21	32	4	-	-
Other investment income		449	818	78	98
		<u>1,517</u>	<u>1,347</u>	<u>78</u>	<u>98</u>

6 Donations and endowments

	Notes	Consolidated		London Business School	
		2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
New endowments	20	2,864	6,936	-	-
Donations with restrictions	21	18,253	11,205	-	-
Unrestricted donations		2,136	2,395	23,638	17,797
		<u>23,253</u>	<u>20,536</u>	<u>23,638</u>	<u>17,797</u>

Notes to the accounts *continued*

for the year ended 31 July 2016

7 Staff costs

	Consolidated		London Business School	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Wages and salaries	56,119	54,100	50,067	49,587
Social security costs	5,960	5,362	5,513	4,981
Movement on USS provision	479	5,537	479	5,537
Other pension costs	5,747	5,447	5,206	4,983
Total	<u>68,305</u>	<u>70,446</u>	<u>61,265</u>	<u>65,088</u>
			2016 £'000	2015 £'000
Emoluments of the Dean				
Salary			442	428
Benefits			3	3
Pension contributions			-	-
			<u>445</u>	<u>431</u>

Total earnings of higher paid staff (excluding the Dean)

Total earnings include salary and compensation for teaching additional loads as well as receiving payments by a quasi-subsidiary; the Centre for Management Development Company Limited, for developing and delivering custom programmes for corporate clients but excludes pensions. Both these elements can be subject to significant variation each year.

Total earnings in the individual bands were as follows:

£100,000 - £109,999: 11, £110,000 - £119,999: 3, £120,000 - £129,999: 12, £130,000 - £139,999: 16, £140,000 - £149,999: 4, £150,000 - £159,999: 1, £160,000 - £169,999: 6, £170,000 - £179,999: 8, £180,000 - £189,999: 8, £190,000 - £199,999: 6, £210,000 - £219,999: 5, £220,000 - £229,999: 6, £230,000 - £239,999: 1, £240,000 - £249,999: 2, £250,000 - £259,999: 3, £260,000 - £269,999: 2, £270,000 - £279,999: 4, £280,000 - £289,999: 3, £290,000 - £299,999: 3, £340,000 - £349,999: 2, £350,000 - £359,999: 2, £370,000 - £379,999: 2, £400,000 - £409,999: 1, £430,000 - £439,999: 2, £440,000 - £449,999: 2, £460,000 - £469,999: 1, £480,000 - £489,999: 1, £490,000 - £499,999: 1, £510,000 - £519,999: 1, £520,000 - £529,999: 1, £530,000 - £539,999: 2, £550,000 - £559,999: 1, £570,000 - £579,999: 1, £700,000 - 709,999: 1, £740,000 - £749,999: 1

For comparison purposes, total earnings in 2014/15 were as follows:

£100,000 - £109,999: 14, £110,000 - £119,999: 3, £120,000 - £129,999: 20, £130,000 - £139,999: 10, £140,000 - £149,999: 2, £150,000 - £159,999: 4, £160,000 - £169,999: 11, £170,000 - £179,999: 9, £180,000 - £189,999: 3, £190,000 - £199,999: 3, £200,000 - £209,999: 1, £210,000 - £219,999: 6, £220,000 - £229,999: 3, £230,000 - £239,999: 4, £240,000 - £249,999: 4, £250,000 - £259,999: 1, £260,000 - £269,999: 4, £270,000 - £279,999: 1, £280,000 - £289,999: 4, £300,000 - £309,999: 1, £310,000 - £319,999: 4, £320,000 - £329,999: 2, £330,000 - £339,999: 1, £340,000 - £349,999: 1, £370,000 - £379,999: 1, £390,000 - £399,999: 1, £420,000 - £429,999: 1, £470,000 - £479,999: 2, £490,000 - £499,999: 1, £500,000 - £509,999: 2, £510,000 - £519,999: 1

7 Staff costs *continued*

	2016	2015
	No.	No.
Average staff numbers (full time equivalent) by major category :		
Academic including research	97	102
Other	632	647
	<u>729</u>	<u>749</u>
Compensation for loss of office payable to a senior post-holder:	2016	2015
	£'000	£'000
Compensation payable recorded within staff costs	<u>-</u>	<u>-</u>

Key management personnel

Key management personnel (members of the Executive Committee) are those persons having authority and responsibility for planning, directing and controlling the activities of the School. Staff costs includes compensation paid to key management personnel.

	2016	2015
	£'000	£'000
Key management personnel compensation	<u>3,445</u>	<u>3,551</u>
	2016	2015
	No.	No.
Key management personnel numbers (full time equivalent)	<u>13.4</u>	<u>13.6</u>

Governing Body Members

The School's Governing Body members are the trustees for charitable law purposes. Due to the nature of the School's operations and the compositions of the Governing Body, 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 28.

8 Interest and other finance costs

	Notes	Consolidated		London Business School	
		2016	Restated	2016	Restated
		£'000	£'000	£'000	£'000
Loan interest		124	134	124	134
Finance lease interest (including service concession finance charge)	12	1	9	1	9
Net charge on USS pension scheme		194	166	194	166
Net charge on SPS pension scheme	27	361	315	361	315
		<u>680</u>	<u>624</u>	<u>680</u>	<u>624</u>

Notes to the accounts *continued*

for the year ended 31 July 2016

9 Analysis of other expenditure by activity

	Consolidated		London Business School	
	2016	Restated 2015	2016	Restated 2015
	£'000	£'000	£'000	£'000
External teaching	14,355	13,212	12,531	10,924
Teaching support	4,387	4,737	4,413	4,287
Bought in teaching	9,270	8,328	2,839	2,848
Marketing	4,555	5,320	4,433	5,172
Technology	3,155	2,937	3,094	3,014
Premises and utilities	7,969	6,801	7,894	6,661
Catering and accommodation	7,286	7,331	9,983	9,904
Other overheads	10,905	10,510	10,478	6,332
	<u>61,882</u>	<u>59,176</u>	<u>55,665</u>	<u>49,142</u>

	Consolidated		London Business School	
	2016	Restated 2015	2016	Restated 2015
	£'000	£'000	£'000	£'000
Other operating expenses include:				
External auditors remuneration in respect of audit services	107	84	89	65
External auditors remuneration in respect of non-audit services	42	15	42	15
Operating lease rentals				
Land and buildings	981	680	981	680
Other	37	39	37	39
	<u>37</u>	<u>39</u>	<u>37</u>	<u>39</u>

10 Taxation

	Consolidated		London Business School	
	2016	Restated 2015	2016	Restated 2015
	£'000	£'000	£'000	£'000
Recognised in the statement of comprehensive income				
Current tax				
Current tax expense	-	-	-	-
Adjustment in respect of previous years	-	-	-	-
Current tax expense	<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>

11 Fixed assets

CONSOLIDATED	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Service concession arrangements £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage Assets £'000	Total £'000
Cost or valuation								
At 1 August 2015	33,265	62,967	1,725	7,496	21,039	31,450	39	157,981
Additions	-	20,858	-	-	-	47,632	-	68,490
Transfers	-	-	-	2,235	3,139	(5,374)	-	-
Surplus on revaluation	(2,635)	59,845	-	-	-	-	-	57,210
Impairment	-	-	-	(412)	(211)	(2,871)	-	(3,494)
Disposals	-	-	(875)	-	-	-	-	(875)
At 31 July 2016	30,630	143,670	850	9,319	23,967	70,837	39	279,312
Consisting of valuation as at:								
31 July 2016	30,630	143,670	-	-	-	-	-	174,300
Cost	-	-	850	9,319	23,967	70,837	39	105,012
	30,630	143,670	850	9,319	23,967	70,837	39	279,312
Depreciation								
At 1 August 2015	415	2,600	1,692	2,762	11,038	-	-	18,507
Charge for the year	415	2,593	33	737	2,731	-	-	6,509
Written back on revaluation	(830)	(5,193)	-	-	-	-	-	(6,023)
Impairment	-	-	-	(31)	(40)	-	-	(71)
Disposals	-	-	(875)	-	-	-	-	(875)
At 31 July 2016	-	-	850	3,468	13,729	-	-	18,047
Net book value								
At 31 July 2016	30,630	143,670	-	5,851	10,238	70,837	39	261,265
At 31 July 2015	32,850	60,367	33	4,734	10,001	31,450	39	139,474

Notes to the accounts *continued*

for the year ended 31 July 2016

11 Fixed assets *continued*

SCHOOL	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Service concession arrangements £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage Assets £'000	Total £'000
Cost or valuation								
At 1 August 2015	33,265	62,967	1,725	7,496	21,039	31,450	-	157,942
Additions	-	20,858	-	-	-	47,632	-	68,490
Transfers	-	-	-	2,235	3,139	(5,374)	-	-
Surplus on revaluation	(2,635)	59,845	-	-	-	-	-	57,210
Impairment	-	-	-	(412)	(211)	(2,871)	-	(3,494)
Disposals	-	-	(875)	-	-	-	-	(875)
At 31 July 2016	30,630	143,670	850	9,319	23,967	70,837	-	279,273
Consisting of valuation as at:								
31 July 2016	30,630	143,670	-	-	-	-	-	174,300
Cost	-	-	850	9,319	23,967	70,837	-	104,973
	<u>30,630</u>	<u>143,670</u>	<u>850</u>	<u>9,319</u>	<u>23,967</u>	<u>70,837</u>	<u>-</u>	<u>279,273</u>
Depreciation								
At 1 August 2015	415	2,600	1,692	2,762	11,038	-	-	18,507
Charge for the year	415	2,593	33	737	2,731	-	-	6,509
Written back on revaluation	(830)	(5,193)	-	-	-	-	-	(6,023)
Impairment	-	-	-	(31)	(40)	-	-	(71)
Disposals	-	-	(875)	-	-	-	-	(875)
At 31 July 2016	-	-	850	3,468	13,729	-	-	18,047
Net book value								
At 31 July 2016	30,630	143,670	-	5,851	10,238	70,837	-	261,226
At 31 July 2015	32,850	60,367	33	4,734	10,001	31,450	-	139,435

At 31 July 2016, freehold land and buildings included £17.1m (2015 - £20.2m) in respect of freehold land and is not depreciated.

On 31 July 2016 the freehold and long leasehold land and buildings were re-valued at £174.3m on the basis of existing use by Cushman and Wakefield, Chartered Surveyors.

The valuation included both upward and downward valuations. The net revaluation included a charge to the comprehensive income and expenditure - surplus before other gains and losses of £673,000 (2015:£nil) with the remainder credited to the comprehensive income and expenditure as unrealised surplus on revaluation of £63,906,000 (2015:£nil).

The School does not ordinarily capitalise its heritage assets. Within the Anniversary Trust one heritage asset has been capitalised, at the value on the date the piece was acquired. In addition, the School has been gifted a number of other items of artwork considered to be heritage assets but has not capitalised these as in aggregate they are not deemed to be of sufficient material value to affect the presentation of the financial statements. The total insurance value of these items is £513,000.

12 Service Concession Arrangements

The School has Balance Sheet arrangements including service concession arrangements.

Movement in Service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31 July 2016 is £nil (2015 : £33,000). The reduction of £33,000 is as a result of depreciation.

Movement in Service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2016 were £nil (2015 : £35,000). The sum of £35,000 was repaid during the year.

One arrangement came to an end. The contract was not renewed and the fully written down assets were disposed.

Future commitments

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

13 Investments

CONSOLIDATED	Investments £'000	
At 1 August 2015		56,437
Additions		2,000
Disposals		(10,500)
Revaluation		3,974
Capital distribution		(463)
		<u>51,448</u>
At 31 July 2016		<u>51,448</u>
The listed investments have been valued at market value.		
Investments consist of :		Consolidated £'000
BlackRock UK Corporate Bond Index Fund		11,555
Charitrak UK Equity Index Fund Inc		11,425
BlackRock GiltTrack Fund Distributing Share Class		11,489
BlackRock Europe Ex-UK Index Fund EUR Fund Flexible Distributing Class		4,460
BlackRock Japan Index Sub Fund USD Distribution		2,388
BlackRock Pacific Index Fund USD Flexible Distributing Class		1,248
BlackRock North American Index Fund USD Flexible Distributing Class		4,067
Prodigy Loan Investment		4,816
		<u>51,448</u>
		Consolidated
	2016	2015
	£'000	£'000
Endowment Investments	47,678	42,036
Other Investments	3,770	14,401
	<u>51,448</u>	<u>56,437</u>
		Subsidiary companies £'000
SCHOOL		
At 1 August 2015		<u>10</u>
At 31 July 2016		<u>10</u>

Notes to the accounts *continued*

for the year ended 31 July 2016

13 Investments *continued*

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

The School's holding in London Business School Trading Company Limited, shown at cost, represents 10,000 (2015: 10,000) ordinary shares of £1 each, being the total issued share capital of the company.

The quasi-subsidiary company Sussex Place Ventures Limited has also been included in the consolidated financial statements, together with its subsidiary companies:

Sussex Place (General Partner) Limited
 Sussex Place II (General Partner) Limited
 Combined London Colleges (General Partner) Limited
 Sussex Place (Founder Partner) Limited

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

14 Investment in associates

The School has an investment interest in 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 Charities Statement of Recommended Practice. GERA is not funded by restricted grants and has been accounted for under the gross equity method. The School's share of its 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 net assets of GERA total £460,000 (2015: £449,000).

15 Stock

	Consolidated		London Business School	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Finished goods	102	126	91	114
	<u>102</u>	<u>126</u>	<u>91</u>	<u>114</u>

16 Trade and other receivables

	Consolidated		London Business School	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Amounts falling due within one year:				
Other trade receivables	5,120	7,516	1,722	2,663
Other receivables	2,680	1,516	2,094	770
Prepayments and accrued income	2,859	2,296	2,590	1,937
Amounts due from subsidiary companies	-	-	-	1,481
	<u>10,659</u>	<u>11,328</u>	<u>6,406</u>	<u>6,851</u>

17 Creditors : amounts falling due within one year

	Consolidated		London Business School	
	2016	Restated 2015	2016	Restated 2015
	£'000	£'000	£'000	£'000
Amounts due to subsidiary companies	-	-	17,799	7,966
Service concession arrangements (note 12)	-	35	-	35
Trade payables	3,396	5,873	2,668	5,160
Social security and other taxation payable	2,193	1,724	2,168	1,677
Accruals and deferred income	56,357	50,791	52,856	45,756
Other payables	1,349	714	933	302
Bank loan	8,000	-	8,000	-
	<u>71,295</u>	<u>59,137</u>	<u>84,424</u>	<u>60,896</u>

On 31 July 2014 London Business School entered into a revolving credit facility agreement with HSBC. The loan agreement is for the ten year period to 31 July 2024. As at 31 July 2016 £8,000,000 of the facility had been utilised, to be repaid on 31 August 2016.

Deferred income

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

	Consolidated		London Business School	
	2016	Restated 2015	2016	Restated 2015
	£'000	£'000	£'000	£'000
Donations	1,040	1,860	-	-
Research grants received on account	6,304	6,144	6,304	6,144
Grant income	474	544	474	544
	<u>7,818</u>	<u>8,548</u>	<u>6,778</u>	<u>6,688</u>

18 Creditors : amounts falling due after more than one year

	Consolidated		London Business School	
	2016	Restated 2015	2016	Restated 2015
	£'000	£'000	£'000	£'000
Accruals and deferred income	1,882	2,317	1,882	2,317
	<u>1,882</u>	<u>2,317</u>	<u>1,882</u>	<u>2,317</u>

Notes to the accounts *continued*

for the year ended 31 July 2016

19 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on SPS Pension £'000	Total Pensions Provisions £'000
At 1 August 2015	11,326	9,472	20,798
Additions in 2016	673	7,119	7,792
At 31 July 2016	11,999	16,591	28,590

School	Obligation to fund deficit on USS Pension £'000	Obligation to fund deficit on SPS Pension £'000	Total Pensions Provisions £'000
At 1 August 2015	11,326	9,472	20,798
Additions in 2016	673	7,119	7,792
At 31 July 2016	11,999	16,591	28,590

Unwinding of discount is included in additional provisions in line with FRS 102.

Pensions are disclosed in note 27.

20 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2016 Total £'000	Restated 2015 Total £'000
Balances at 1 August 2015					
Capital	27,596	12,107	-	39,703	31,150
Accumulated income	-	-	2,333	2,333	2,076
New endowments	27,596 2,285	12,107 -	2,333 579	42,036 2,864	33,226 6,936
Investment income	111	294	631	1,036	525
Expenditure	(208)	(294)	(1,032)	(1,534)	(946)
(Decrease)/increase in market value of investments	(97) 2,360	- 918	(401) (2)	(498) 3,276	(421) 2,295
At 31 July 2016	32,144	13,025	2,509	47,678	42,036
Represented by:					
Capital	32,144	13,025	-	45,169	39,703
Accumulated income	-	-	2,509	2,509	2,333
	32,144	13,025	2,509	47,678	42,036

20 Endowment Reserves *continued*

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2016 Total £'000	Restated 2015 Total £'000
Analysis by type of purpose:					
Chairs	16,571	-	169	16,740	13,300
Scholarships	12,052	-	1,620	13,672	12,680
Other	3,521	13,025	720	17,266	16,056
	<u>32,144</u>	<u>13,025</u>	<u>2,509</u>	<u>47,678</u>	<u>42,036</u>
Analysis by asset					
Fixed assets				47,678	42,036
Current asset investments				-	-
Cash & cash equivalents				-	-
				<u>47,678</u>	<u>42,036</u>

21 Restricted Reserves

Reserves with restrictions are as follows:

	Unspent Capital Grants £'000	Donations £'000	2016 Total £'000	Restated 2015 Total £'000
Balances at 1 August 2015	-	2,195	2,195	2,000
New donations	-	18,253	18,253	11,205
Investment income	-	32	32	4
Expenditure	-	(18,301)	(18,301)	(11,014)
	-	(18,269)	(18,269)	(11,010)
(Decrease)/increase in market value of investments	-	(1)	(1)	-
At 31 July 2016	-	<u>2,178</u>	<u>2,178</u>	<u>2,195</u>
				Restated 2015 Total £'000
Analysis of other restricted funds/donations by type of purpose:				
Chairs			26	27
Infrastructure			66	67
Scholarships			1,342	1,345
Other			744	756
			<u>2,178</u>	<u>2,195</u>

Notes to the accounts *continued*

for the year ended 31 July 2016

22 Cash and cash equivalents

	At 1st August 2015 £'000	Cash Flows £'000	At 31st July 2016 £'000
CONSOLIDATED			
Cash and cash equivalents	24,939	(20,714)	4,225
	<u>24,939</u>	<u>(20,714)</u>	<u>4,225</u>

23 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	Consolidated		London Business School	
	2016 £'000	Restated 2015 £'000	2016 £'000	Restated 2015 £'000
Commitments contracted for	15,100	53,200	15,100	53,200
	<u>15,100</u>	<u>53,200</u>	<u>15,100</u>	<u>53,200</u>

24 Contingent liabilities

The School has no contingent liabilities at 31 July 2016 (2015: none).

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

25 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	2016 Plant and Machinery £'000	Total £'000	Restated 2015 £'000
Payable during the year	981	37	1,018	719
Future minimum lease payments due:				
Not later than 1 year	978	48	1,026	45
Later than 1 year and not later than 5 years	2,802	82	2,884	116
Later than 5 years	238,207	-	238,207	293
Total lease payments due	<u>241,987</u>	<u>130</u>	<u>242,117</u>	<u>454</u>

During 2015/16 the School entered into a 125 year lease agreement for the main campus buildings, Sussex Place.

26 Events after the reporting period

There were no significant events after the year end.

27 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 Scheme, which has been closed to future accrual since 1 August 2010. The assets are held in separate trustee-administered funds.

	2016 Total £'000	Restated 2015 Total £'000
Universities Superannuation Scheme	5,396	5,194
Scottish Widows	351	253
	<hr/> 5,747	<hr/> 5,447
London Business School Pension Scheme	422	360
Total contributions charged to the income and expenditure account	<hr/> 6,169	<hr/> 5,807

Notes to the accounts *continued*

for the year ended 31 July 2016

27 Pension schemes *continued*

(b) USS

Critical accounting judgements

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 that provided by USS. 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 is recognised in profit or loss. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Pension Costs

The total cost charged to the profit and loss account is £5,396,000 (2015: £5,194,000) as shown in notes 7 and 27a.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.60%	3.30%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.20%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	98% of S1NA ["light"] YoB tables – Rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

27 Pension schemes *continued*

(c) SPS

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

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

The assets of the Scheme are held separately from those of the Employer. The value of the insured pensions (£2,038,000) is omitted from both assets and liabilities below for clarity.

	2016	2015
	£'000	£'000
Assets and liabilities at each year end:		
Total market value of assets	15,316	14,114
Present value of liabilities	<u>(31,907)</u>	<u>(23,586)</u>
Surplus/(deficit)	<u>(16,591)</u>	<u>(9,472)</u>
The amounts recognised in the profit and loss:	2016	2015
	£'000	£'000
Net interest on defined benefit liability	361	315
Expenses paid from the Scheme	<u>66</u>	<u>71</u>
Total expense	<u>427</u>	<u>386</u>
The amounts recognised in the statement of comprehensive income and expenditure:	2016	2015
	£'000	£'000
Actual return on assets	970	1,106
Return on assets included in net interest	<u>(555)</u>	<u>(553)</u>
Asset gain/(loss)	415	553
Liability experience gain/(loss)	226	(15)
Change of assumptions gain/(loss)	<u>(7,815)</u>	<u>(2,549)</u>
Remeasurement gain/(loss) in the statement of comprehensive income and expenditure	<u>(7,174)</u>	<u>(2,011)</u>
Changes in the present value of the defined benefit liabilities:	2016	2015
	£'000	£'000
Opening value of liabilities	23,586	20,237
Interest cost	916	868
	<u>(184)</u>	<u>(83)</u>
Expected value of liabilities at end	24,318	21,022
Liability experience loss/(gain)	(226)	15
Change of assumptions loss/(gain)	<u>7,815</u>	<u>2,549</u>
Closing value of liabilities	<u>31,907</u>	<u>23,586</u>

Notes to the accounts *continued*

for the year ended 31 July 2016

27 Pension schemes *continued*

	2016	2015
	£'000	£'000
Changes in the value of the assets:		
Assets at beginning of the year	14,114	12,737
Expected return on assets	555	553
Employer contributions	482	425
Benefits paid	(184)	(83)
Expenses	(66)	(71)
Expected assets at end of the year	14,901	13,561
Gain (loss) on Scheme assets	415	553
Assets at end of the year	15,316	14,114

	2016	2015
	£'000	£'000
The main actuarial assumptions used to value the liabilities:		
Discount rate	2.80%	3.90%
Price inflation (RPI)	3.10%	3.50%
Price inflation (CPI)	2.10%	2.50%
Future increases to pensions in deferment	2.10%	2.50%
Future increases to pensions in payment	3.10%	3.40%
Mortality table		
		PCMA00/PCFA00, medium cohort projection with 1.5% underpin for males and 1% underpin for females

	2016	2015
	£'000	£'000
The total value of the assets (excluding annuities):		
Equities	44%	43%
Bonds	36%	35%
Property	20%	22%
Total	100%	100%

28 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 Schools financial regulations. An updated register of interests of the Governing Body is maintained.

During the year some governors and senior managers earned consultancy fees from a quasi-subsiary of the School, the Centre for Management Development Company Limited.

	2016	2015
	£	£
Professor Madan Pillutla	60,000	43,000
Professor Andrew Scott (retired 31 July 2015)	-	91,000
Professor Stephen Schaeffer	-	2,500
Professor Julian Franks	30,000	-
Professor Lynda Gratton	4,000	25,000
Professor Henri Servaes	34,000	-

28 Related party transactions *continued*

There were no outstanding balances at the end of the year relating to the above individuals (2014/15: £20,400 payable to Professor Scott).

In addition to the above, Professor Peterson is a partner of TalentSage LLC. In 2015/16, the School paid £69,000 (2014/15: £85,000) to it for personal assessment services provided during the period Professor Peterson was a member of the Governing Body. At the year end, no balance was outstanding with TalentSage LLC (2014/15: £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 contributions to LBSSA of £296,000 (2014/15: £244,000) and charged LBSSA for catering services amounting to £210,000 (2014/15: £210,000). At the year end, the School was owed an amount of £16,000 from LBSSA (2014/15: creditor £3,000).

The Honourable Apurv Bagri is a Commissioner of the Crown Estates Paving Commission. In 2015/16, the School paid £14,000 (2014/15: £19,000) to the Crown Estates for the previous lease of the main campus site at Sussex Place. During the year the School entered into a new 125 year lease, for which a premium of £21m was paid to the Crown Estates. At the year end, there was a balance owed to Crown Estates of £nil (2014/15: £4,500).

The Honourable Apurv Bagri is also Chairman of the Royal Parks. In 2015/16, the School paid £1,000 (2014/15: £1,000) to the Royal Parks for administration fees. At the year end, there were no balances outstanding.

As allowed under FRS8 'Related party transactions', transactions and balances between group entities have not been disclosed as they have been eliminated on consolidation.

29 Subsidiary undertakings

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

Company	Principal Activity	Status
London Business School Trading Company Limited	Provision of the trading activities of the School	100% owned
Global Entrepreneurship Research Association (GERA)	Research and associated educational initiatives in the field of entrepreneurship practice and policy development	Limited by guarantee
London Business School Anniversary Trust	Provision of the charitable purpose of the School	100% owned
Centre for Management Development Company Limited	Provision of education in the field of business studies	100% owned
Sussex Place Ventures Limited	Provision of investment management services to venture capital funds	100% owned
Sussex Place (General Partner) Limited	General partner of a venture capital fund, Regents Park Partners LP	100% owned
Combined London Colleges (General Partner) Limited	General partner of a venture capital fund, Combined London Colleges University Challenge LP	100% owned
Sussex Place (Founder Partner) Limited	Founder partner of venture capital funds, Combined London Colleges University Challenge LP and Regents Park Partners LP.	100% owned
Sussex Place II (General Partner) Limited	Dormant	100% owned
London Business School Trust Company Limited	Dormant	100% owned

Notes to the accounts *continued* for the year ended 31 July 2016

30 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. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. One of the connected institutions is included as a subsidiary undertaking and one is an associate in these consolidated financial statements; the others are not included in the consolidation since the School does not have control over their activities. The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	Opening balance £'000	Income £'000	Expenditure £'000	Change in market value £'000	Closing balance £'000
Consolidated					
London Business School Anniversary Trust	62,837	24,624	(22,690)	3,974	68,745
Global Entrepreneurship Research Association (GERA)	<u>1,178</u>	<u>710</u>	<u>(671)</u>	<u>-</u>	<u>1,217</u>
Not consolidated					
London Business School Student Association	<u>897</u>	<u>1,835</u>	<u>(1,866)</u>	<u>-</u>	<u>866</u>

London Business School has a quasi-subsiary and connected charity in London Business School Anniversary Trust, the results of which are consolidated within these accounts. The purpose of London Business School Anniversary Trust is to raise funding for the School to support scholarships, permanent chairs and develop the infrastructure of the School, as well as build a to permanent endowment for the School.

GERA is a company limited by guarantee and has no share capital. It is a joint venture between London Business School and Babson College.

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.

31 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the School's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the School has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the School's financial position, financial performance and cash flows is set out in the following tables.

31 Transition to FRS102 and the 2015 SORP *continued*

Consolidated	Notes	1 August 2014			31 July 2015		
		2007 SORP £'000	Effect of transition £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000
Non-current assets							
Fixed Assets	A	120,223	242	120,465	139,402	33	139,435
Heritage assets		39	-	39	39	-	39
Investments	B	15,046	18,180	33,226	10,378	31,658	42,036
Investments in associate		444	-	444	449	-	449
		<u>135,752</u>	<u>18,422</u>	<u>154,174</u>	<u>150,268</u>	<u>31,691</u>	<u>181,959</u>
Endowment assets	B	36,785	(36,785)	-	46,059	(46,059)	-
Current assets							
Investments	B	-	18,605	18,605	-	14,401	14,401
Stock		208	-	208	126	-	126
Trade and other receivables		15,592	52	15,644	11,243	85	11,328
Cash and cash equivalents		19,476	-	19,476	24,939	-	24,939
		<u>35,276</u>	<u>18,657</u>	<u>53,933</u>	<u>36,308</u>	<u>14,486</u>	<u>50,794</u>
Creditors: amounts falling due within one year	C	<u>(52,265)</u>	<u>(2,522)</u>	<u>(54,787)</u>	<u>(56,696)</u>	<u>(2,441)</u>	<u>(59,137)</u>
Net current (liabilities)/assets		<u>(16,989)</u>	<u>16,135</u>	<u>(854)</u>	<u>(20,388)</u>	<u>12,045</u>	<u>(8,343)</u>
Total assets less current liabilities		<u>155,548</u>	<u>(2,228)</u>	<u>153,320</u>	<u>175,939</u>	<u>(2,323)</u>	<u>173,616</u>
Creditors: amounts falling due after more than one year	C, D	(395)	(2,523)	(2,918)	(203)	(2,114)	(2,317)
Provisions							
Pension liability	E	<u>(7,500)</u>	<u>(5,623)</u>	<u>(13,123)</u>	<u>(9,472)</u>	<u>(11,326)</u>	<u>(20,798)</u>
Total net assets		<u>147,653</u>	<u>(10,374)</u>	<u>137,279</u>	<u>166,264</u>	<u>(15,763)</u>	<u>150,501</u>
Deferred capital grants	C, F	28,284	(28,284)	-	37,391	(37,391)	-
Endowments	D, G	36,785	(36,785)	-	46,059	(46,059)	-
Restricted Reserves							
Income and expenditure reserve - endowment reserve	G	-	33,226	33,226	-	42,036	42,036
Income and expenditure reserve - restricted reserve	G	-	2,000	2,000	-	2,195	2,195
Unrestricted Reserves							
Income and expenditure reserve - unrestricted	A to H	25,125	11,969	37,094	27,327	13,984	41,311
Pension reserve	H	(7,500)	7,500	-	(9,472)	9,472	-
Revaluation reserve		64,959	-	64,959	64,959	-	64,959
		<u>82,584</u>	<u>54,695</u>	<u>137,279</u>	<u>82,814</u>	<u>67,687</u>	<u>150,501</u>
Total Reserves		<u>147,653</u>	<u>(10,374)</u>	<u>137,279</u>	<u>166,264</u>	<u>(15,763)</u>	<u>150,501</u>

- A Fixed Assets now included service concession assets previously treated as expenditure as part of the contract cost. (Notes to the Accounts 11 and 12).
- B Previously reported endowment assets are treated as non current asset investments, and other investments are treated as current. (Notes to the Accounts 13).
- C Capital Grants from HEFCE which were treated as deferred capital grants are treated as both current creditors and creditors falling due after one year, as appropriate.
- D Undesignated donations and endowments were previously recognised through the Statement of Total Recognised Gains and Losses when received. Now they are being recognised as creditors until the designation is in place.
- E The School's proportion of USS past deficit recovery plan was previously excluded as the scheme was a multi-employer scheme and individual contributions could not be verified. An estimate of the relevant share is now included. (Notes to the Accounts 27b).
- F Donations for capital projects were previously treated as Deferred Capital grants. They are now treated as revenue when the School is entitled to the income.
- G Endowments have been reclassified as either endowment reserves or restricted reserves depending upon the terms of the donor letters.
- H The pension reserve, equivalent to the SPS pension liability is no longer separately itemised but included as part of unrestricted reserve.

Notes to the accounts *continued*

for the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP *continued*

School	Notes	1 August 2014			31 July 2015		
		2007 SORP £'000	Effect of transition £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000
Non-current assets							
Fixed Assets	A	120,223	242	120,465	139,402	33	139,435
Investments		91	-	91	10	-	10
		<u>120,314</u>	<u>242</u>	<u>120,556</u>	<u>139,412</u>	<u>33</u>	<u>139,445</u>
Current assets							
Stock		191	-	191	114	-	114
Trade and other receivables		10,369	-	10,369	6,851	-	6,851
Cash and cash equivalents		19,370	-	19,370	24,078	-	24,078
		<u>29,930</u>	<u>-</u>	<u>29,930</u>	<u>31,043</u>	<u>-</u>	<u>31,043</u>
Creditors: amounts falling due within one year	C	(50,867)	(1,056)	(51,923)	(60,405)	(491)	(60,896)
Net current (liabilities)/assets		<u>(20,937)</u>	<u>(1,056)</u>	<u>(21,993)</u>	<u>(29,362)</u>	<u>(491)</u>	<u>(29,853)</u>
Total assets less current liabilities		<u>99,377</u>	<u>(814)</u>	<u>98,563</u>	<u>110,050</u>	<u>(458)</u>	<u>109,592</u>
Creditors: amounts falling due after more than one year	C	(316)	(2,523)	(2,839)	(203)	(2,114)	(2,317)
Provisions							
Pension liability	E	(7,500)	(5,623)	(13,123)	(9,472)	(11,326)	(20,798)
Total net assets		<u>91,561</u>	<u>(8,960)</u>	<u>82,601</u>	<u>100,375</u>	<u>(13,898)</u>	<u>86,477</u>
Deferred capital grants	C, F	28,284	(28,284)	-	37,391	(37,391)	-
Unrestricted Reserves							
Income and expenditure reserve - unrestricted		5,818	11,824	17,642	7,497	14,021	21,518
Pension reserve	H	(7,500)	7,500	-	(9,472)	9,472	-
Revaluation reserve		64,959	-	64,959	64,959	-	64,959
		<u>63,277</u>	<u>19,324</u>	<u>82,601</u>	<u>62,984</u>	<u>23,493</u>	<u>86,477</u>
Total Reserves		<u>91,561</u>	<u>(8,960)</u>	<u>82,601</u>	<u>100,375</u>	<u>(13,898)</u>	<u>86,477</u>

- A Fixed Assets now included service concession assets previously treated as expenditure as part of the contract cost. (Notes to the Accounts 11 and 12).
- B Previously reported endowment assets are treated as non current asset investments, and other investments are treated as current. (Notes to the Accounts 13).
- C Capital Grants from HEFCE which were treated as deferred capital grants are treated as both current creditors and creditors falling due after one year, as appropriate.
- D Undesignated donations and endowments were previously recognised through the Statement of Total Recognised Gains and Losses when received. Now they are being recognised as creditors until the designation is in place.
- E The School's proportion of USS past deficit recovery plan was previously excluded as the scheme was a multi-employer scheme and individual contributions could not be verified. An estimate of the relevant share is now included. (Notes to the Accounts 27b).
- F Donations for capital projects were previously treated as Deferred Capital grants. They are now treated as revenue when the School is entitled to the income.
- G Endowments have been reclassified as either endowment reserves or restricted reserves depending upon the terms of the donor letters.
- H The pension reserve, equivalent to the SPS pension liability is no longer separately itemised but included as part of unrestricted reserve.

31 Transition to FRS102 and the 2015 SORP *continued*

Consolidated		2007 SORP £'000	STRGL Items (Note A) £'000	Effect of transition £'000	2015 SORP £'000
	Notes				
Income					
Tuition fees and education contracts		111,622	-	-	111,622
Funding body grants		7,600	-	-	7,600
Research grants and contracts		1,608	-	-	1,608
Other income (adjusted to exclude income from joint ventures)	B, C	8,662	-	(2,822)	5,840
Investment income		1,347	-	-	1,347
Total income before donations and endowments		130,839	-	(2,822)	128,017
Donations and endowments	B, C	-	8,313	12,223	20,536
Total income		130,839	8,313	9,401	148,553
Expenditure					
Staff costs	D	64,909	-	5,537	70,446
Other operating expenses	E, F	59,647	-	(471)	59,176
Depreciation	E	5,981	-	209	6,190
Interest and other finance costs	D, E, F	-	216	408	624
Total expenditure		130,537	216	5,683	136,436
Gain/(loss) on investments		-	3,076	-	3,076
Share of Associate		5	-	-	5
Surplus before tax		307	11,173	3,718	15,198
Taxation		-	-	-	-
Surplus after tax		307	11,173	3,718	15,198
Actuarial (loss)/gain in respect of pension schemes		-	(1,976)	-	(1,976)
Total comprehensive income for the year		307	9,197	3,718	13,222

- A Items previously reported through the Statement of Recognised Gains and Losses are incorporated within the Statement of Comprehensive Income and Expenditure.
- B Donations (£2,321,000) previously included within other income separately disclosed. In addition, previous releases of Deferred Capital Grants (£501,000) from donations have been omitted as the donation is treated as income upon receipt.
- C Donations of Deferred Capital Grants (£10,265,000) which were previously credited as income to match the asset depreciation now treated as income upon receipt. In addition income to the Undesignated Fund (£396,000) is now treated as a creditor awaiting designation.
- D The movement in the School's estimated proportion of USS pension deficit is now included as staff costs and interest.
- E The dedicated fixed assets of service contracts are now treated as fixed assets so that payments to the contract providers need to be split between depreciation, financing costs and other operating expenditure.
- F Non-utilisation fees of credit facilities now treated as interest payable (£124,000).

Notes to the accounts *continued*

for the year ended 31 July 2016

31 Transition to FRS102 and the 2015 SORP *continued*

School	Notes	2007 SORP £'000	STRGL Items (Note A) £'000	Effect of transition £'000	2015 SORP £'000
Income					
Tuition fees and education contracts		84,476	-	-	84,476
Funding body grants		7,600	-	-	7,600
Research grants and contracts		1,608	-	-	1,608
Other income (adjusted to exclude income from joint ventures)	B, C	23,350	-	(8,033)	15,317
Investment income		98	-	-	98
Total income before donations and endowments		117,132	-	(8,033)	109,099
Donations and endowments	B, C	-	-	17,797	17,797
Total income		117,132	-	9,764	126,896
Expenditure					
Staff costs	D	59,551	-	5,537	65,088
Other operating expenses	E, F	49,705	-	(563)	49,142
Depreciation	E	5,981	-	209	6,190
Interest and other finance costs	D, E, F	-	216	408	624
Total expenditure		115,237	216	5,591	121,044
Share of Associate		-	-	-	-
Surplus before tax		1,895	(216)	4,173	5,852
Taxation		-	-	-	-
Surplus after tax		1,895	(216)	4,173	5,852
Actuarial (loss)/gain in respect of pension schemes		-	(1,976)	-	(1,976)
Total comprehensive income for the year		1,895	(2,192)	4,173	3,876

A Items previously reported through the Statement of Recognised Gains and Losses are incorporated within the Statement of Comprehensive Income and Expenditure.

B Donations (£2,321,000) previously included within other income separately disclosed. In addition, previous releases of Deferred Capital Grants (£501,000) from donations have been omitted as the donation is treated as income upon receipt.

C Donations of Deferred Capital Grants (£10,265,000) which were previously credited as income to match the asset depreciation now treated as income upon receipt. In addition income to the Undesignated Fund (£396,000) is now treated as a creditor awaiting designation.

D The movement in the School's estimated proportion of USS pension deficit is now included as staff costs and interest.

E The dedicated fixed assets of service contracts are now treated as fixed assets so that payments to the contract providers need to be split between depreciation, financing costs and other operating expenditure.

F Non-utilisation fees of credit facilities now treated as interest payable (£124,000).

Governing Body

(as at 21 October 2016)

The Honourable Apurv Bagri (Chairman)

President & CEO, Metdist Group

HE Amr Al Dabbagh

Chairman and CEO, Al Dabbagh Group

Ms Mollie Amkraut (retired 31 July 2016)

Student Association President

Mr Olly Nguyen

(appointed 1 August 2016)

Student Association President

Professor Julian Birkinshaw

(elected 10 October 2016)

Professor of Strategy & Entrepreneurship

Mr John Connolly

(retired 31 December 2015)

Chairman, AMEC plc and Chairman, G4S plc

Professor Alex Edmans

(elected 10 October 2016)

Professor of Finance

Dame Amelia Fawcett (Deputy Chairman)

Chairman, Hedge Fund Standards Board

Mr Bradley Fried (appointed 5 May 2016)

Professor Julian Franks

(retired 20 November 2015)

Professor of Finance,

London Business School

Mr Richard Frost

Secretary to Governing Body

Secretary, London Business School

Professor Lynda Gratton

(retired 31 July 2016)

Professor of Management Practice in

Organisational Behaviour,

London Business School

Mr Ian Hannam

Founder and Chairman,

Hannam & Partners

Mr Chris Havemann

Chairman, RealityMine Ltd

Mr Ho Kwong Ping

Executive Chairman, Banyan Tree Hotels &

Resorts

Mr António Horta-Osório

(retired 31 December 2015)

CEO, Lloyds Banking Group plc

Dr Mo Ibrahim

Chairman and Founder,

Mo Ibrahim Foundation

Mrs Ingrid Kwok

Professor Sir Andrew Likierman

Dean, London Business School

Dame Mary Marsh

Ms Fiona du Monceau

(appointed 5 May 2016)

Mr Nigel Morris (retired 29 February 2016)

Managing Partner, Ffestiniog

Company LLC

Professor David Myatt

Deputy Dean, Programmes

Professor of Economics,

London Business School

Baroness Lucy Neville-Rolfe DBE CMG

Professor Randall Peterson

(retired 31 July 2016)

Professor of Organisational Behaviour

London Business School

Professor Madan Pillutla

(appointed 1 August 2016)

Professor of Organisational Behaviour

Mr David Pyott

Professor H  l  ne Rey

Professor of Economics,

London Business School

Professor Stephen Schaefer

(retired 31 July 2016)

Deputy Dean, Faculty

Professor of Finance,

London Business School

Ms Anne Schouw

Associate Director, Advancement

London Business School

AUDIT & RISK COMMITTEE

Reports to Governing Body

Chair:

Dame Mary Marsh

Members:

Mr Eric Stobart

Mr Chris Havemann

Secretary:

Ms Helen Uglow, Deputy Secretary

In attendance:

Executives:

Professor Sir Andrew Likierman, Dean

Mr Richard Frost, School Secretary

Ms Tracy Siu, Director, Finance

CAMPAIGN COMMITTEE

Reports to Governing Body

Chair:

The Hon Apurv Bagri

Vice Chairs:

Mr Nigel Andrews

Mr Roger Carlsson

Mr Ian Hannam

Dr Mo Ibrahim

Mr Huw Jenkins

Professor Randall Peterson

Professor Andrew Scott

Members:

Mr Jeremy Asher

Mr Garvin Brown

Mr Stephen Forsyth

Mr David Kotler

Mr Paul Taylor

Mr Martin Wise

Mr Flavio Figueiredo

Ms Peggy Czyzak-Dannenbaum

Mr David Thorp

Mr Navin Valrani

Ms Aditya Talwar

Mr John Vermilye

In attendance:

Executives:

Professor Sir Andrew Likierman, Dean

Ms Susie Balch

ESTATES COMMITTEE

Reports to Governing Body

Chair:

The Hon Apurv Bagri

Members:

Sir John Ritblat

Mr Saeb Eigner

Dame Mary Marsh

In attendance:

Executives:

Professor Sir Andrew Likierman, Dean

Secretary:

Mr Richard Frost, School Secretary

FINANCE COMMITTEE

Reports to Governing Body

Chair:

Mr Bradley Fried

Other Non-Executives:

Dame Amelia Fawcett

Dame Lucy Neville-Rolfe

Mr Huw Jenkins

Secretary:

Mr Greg Vartoukian, Director of Financial Planning

& Analysis

In attendance:

Executives:

Professor Sir Andrew Likierman, Dean

Ms Catherine Webster, Treasurer

INVESTMENT COMMITTEE

Reports to Finance Committee

Chair:

Ms Catherine Webster, Treasurer

Members:

Professor Stephen Schaefer

Professor Andrew Scott

Professor Sir Andrew Likierman, Dean

Secretary:

Mr Greg Vartoukian, Director of Financial Planning

& Analysis

GOVERNANCE & NOMINATIONS COMMITTEE

Reports to Governing Body

Chair:

The Hon Apurv Bagri

Members:

Professor Sir Andrew Likierman, Dean

Dame Mary Marsh

Mr Chris Havemann

Mr K P Ho

Secretary:

Mr Richard Frost, School Secretary

REMUNERATION COMMITTEE

Reports to Governing Body

Chair:

The Hon Apurv Bagri

Members:

Professor Sir Andrew Likierman, Dean

Mr Ian Hannam

Ms Ingrid Kwok

Secretary:

Mr Tariq Ahmed, Director Human Resources

TREASURER

Ms Catherine Webster, Treasurer & Associate

Dean, Operations

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