



London School of Theology



# Report and Financial Accounts

## 2019

Company Registered No: 381332  
Registered Charity No: 312778

Year ended 31 August 2019

# Report and Financial Accounts



The London School of Theology continues to educate individuals, equip local churches and engage in leading research.

2018 - 2019



We are committed  
to offering the  
highest standard of  
education.





## Introduction from the Acting Principal

# Welcome

**Two things stand out in this reporting period. First, around midway through the year the Principal resigned. The leadership challenge that this created for the School has been more than met by the Executive Team and those special individuals who work closely with them, including the student leaders.**

Second, there has been a shared acknowledgement that the School is 'a team of teams' – all parts are essential – and a desire to 'Grow in Godly Community', the adopted theme for the year. Students on campus and online are able to obtain the best education possible in the best Christian community possible.

### **A glance across the year brings to mind other high points:**

- The celebration of our 75 years was a joyous time of thanks to God for all those who had served in the past to enable well over 7,000 graduates to be trained to serve God in the church, the academy and the marketplace.
- We are grateful to God for the two years that the Rev'd T. Calvin T. Samuel served as our Principal.
- Members of the Board, students, staff, faculty members and friends of the School were invited to Lambeth Palace for dinner and then to hear Archbishop Justin Welby deliver the

annual Deo Gloria lecture on 'Good News for Everyone? Evangelism and other Faiths'.

- Along with other institutions of Higher Education, the School is now registered with the new Office for Students. This enables our students to gain access to a 100% loan for their tuition fees.

- We are particularly grateful to the Board of Trustees for appointing the Rev'd Professor Mark J. Cartledge, a Practical Theologian, as our new Principal from 1st January 2020.

It is a privilege to serve God with such colleagues in such a School bringing 'theology within reach' for students here and around the globe.



**Rev'd Professor Graham H. Twelftree**

Acting Principal & Academic Dean





Bringing  
**theology**  
**within reach**  
for students  
around the  
globe.

2018 - 2019

# At A Glance

## Income & Expenditure

Year ended 31 August

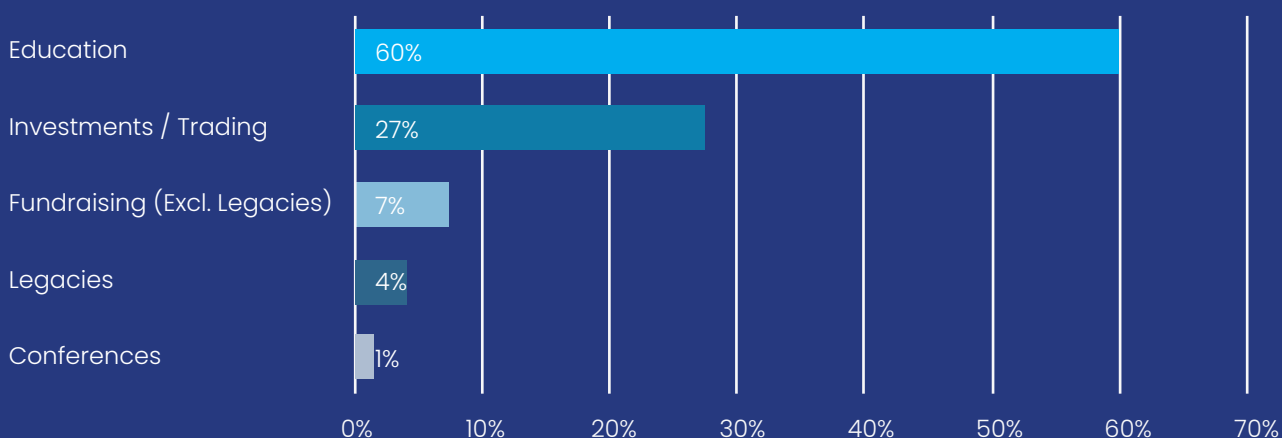
	2019	2018
	£'000	£'000
Income	3,359	3,419
Expenditure	(3,724)	(3,692)
Net (losses) / income	(365)	(273)
Investment gains	(426)	712
Net movement in funds	<b>(791)</b>	<b>439</b>

## Balance Sheet

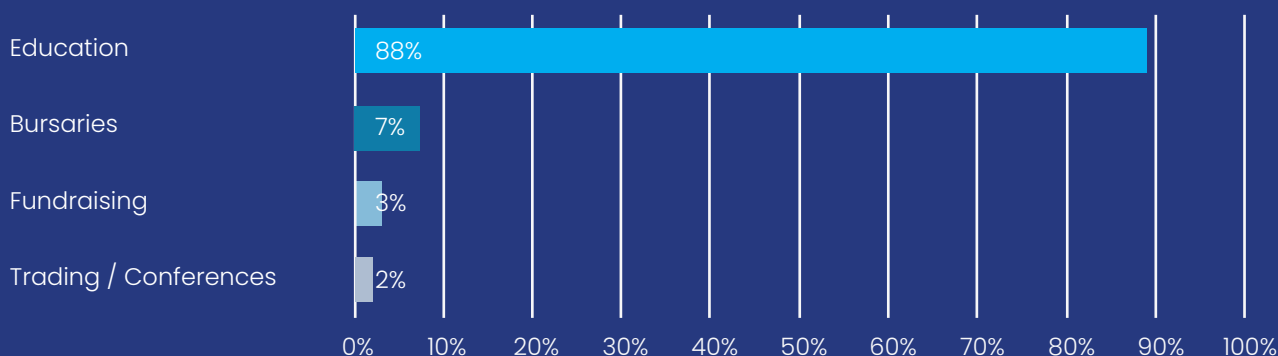
Balance at 31 August

	2019	2018
	£'000	£'000
Tangible assets	2,285	2,454
Investments	9,221	9,090
Net current assets	589	684
	12,095	12,228
Pension scheme liability	(918)	(312)
Net assets	<b>11,177</b>	<b>11,916</b>

## Our Income



## Our Expenditure



2018 - 2019

# What We Achieved

## London School of Theology graduated 36 undergraduate level qualifications

London School of Theology graduated 36 undergraduate students (Certificate, Diploma and BA Degree programmes) in Theology, Theology & Counselling, Theology & Music, and Theology, Music & Worship.

London School of Theology's undergraduate programmes bring the opportunity to study the Bible in greater depth, with world-class scholars. We have three levels, across four programmes designed to train those looking to learn more about their faith.

## London School of Theology graduated 11 postgraduate qualifications

London School of Theology graduated 11 postgraduate students across the MA in Aspects & Implications of Biblical Interpretation, MA in Integrative Theology and MA in Theological Education programmes.

Postgraduate study at London School of Theology equips students with skills of understanding, discovery, depth and determination. When they graduate, students are equipped to teach others and make a positive difference in their lives. Their qualification opens up significant employment opportunities in academia, Christian leadership and the marketplace.

Each year the postgraduate students take up leadership roles all over the world. The majority of our graduates can be found teaching in churches, seminaries and university faculties around the world. As part of a larger network of over 500 students from all over the world, London School of Theology's postgraduate centre is a unique and exciting place to study.

## London School of Theology graduated 13 research qualifications

London School of Theology graduated 13 postgraduate research students across the Master of Theology, Master of Philosophy and Doctor of Philosophy programmes.

The purpose of a research degree is to establish and demonstrate competence in a theological discipline via a thesis project. The discoveries made by research students contribute not only to their personal growth but also to the academy and the community they serve.

Those taking a research programme at London School of Theology are expected to demonstrate critical knowledge of their chosen field. Research degrees are not taught courses, although students may be asked to take a course of guided reading or attend relevant classes.



2018 - 2019

# Plans for 2018–2019

With the departure of our last Principal part way through the year, the Executive Team produced a two-year Restoring Foundations plan from the larger Strategic Plan that had been in development. This was to ensure focus was maintained on key plans and targets, pending the arrival of a new Principal.

Our plans include:

- New Principal recruited and in post by the end of the year
- The Restoring Foundation targets met for the year
- Student recruitment levels maintained at their current levels and retention percentages improved for all programs and modes of delivery
- Student Information System fully implemented for all LST programmes and integrated with the School's VLE platform
- The financial target of breakeven before depreciation met

## Student Life

We are committed to offering the highest standard of education

We are at the forefront of theological education designed to equip Christians for life in the real world. More than ever, there is a need to train Christians to have a deeper understanding of Scripture and its relevance to the world. To help support this, we have a range of bursaries and scholarships available to help students with their fees and essentials such as food and travel. These funds have been established and supported by generous donors who have a heart to help students in need of financial assistance.

We are a resource for the local Church

London School of Theology continues to seek to equip local churches in multiple ways: through public lectures and partnership in mission, including offering students for placements. Our faculty and staff are regularly engaged as teachers and preachers in local churches across the country and around the world. We also make our wide range of seminar rooms, excellent catering and newly renovated accommodation available at competitive rates to churches, charities and Christian organisations.

We have an Alumni Association across the world

London School of Theology is one of the largest, most diverse theological colleges in Europe, with over 7,000 alumni across 40 countries. As our alumni continue to make meaningful contributions to the Church worldwide, the Alumni Association helps to maintain valuable connections to the School, faculty and classmates, as well as provide them with appropriate resources.



2018 - 2019

# What Our Students Say

Studying an undergraduate degree at London School of Theology helped me grow in my relationship with God.



## Archie Catchpole – Student

As I was preparing to start studying at London School of Theology three years ago, I could never have imagined the profound and holistic changes impressed upon me over my time here. I have been stretched academically; forced to tear down my preconceptions (which were commonly misconceptions) and approach issues afresh from firmly theologically grounded foundations.

I have been challenged spiritually; tried and tested at times, but always supported and encouraged to mature in my faith and stay determined in my discipleship. And I have been prepared vocationally; coaxed into worlds of work and ministry to hone my skills, explore my prospects, and live out what I have been learning.

I am a completely different person to when I enrolled a few years ago – almost definitely for the better, and all thanks to the London School of Theology community.

2018 - 2019

# What Our Students Say



## Lydia Lee – Student

Before I came to London School of Theology, I felt reasonably confident and secure in my faith, but soon after arriving I realised it had many holes, most of which I'd not even noticed! Every day I am challenged to wrestle with my faith and am cheered on by lecturers and fellow students as I come out of the other side, sometimes a little worse for wear, but with a new, more robust and much deeper understanding.

When I leave London School of Theology, I know I have been given the tools and the confidence to approach challenges as they come up, turning to prayer, community, scripture and the thoughts of those who have wrestled and conquered before me. I'm not sure what lies ahead beyond London School of Theology, but I know both the practical experience and theological grounding I've experienced so far has been equipping me to further the work of the kingdom in some way.

## Jamie Beattie – Graduate

Studying Music & Worship at London School of Theology has equipped me with an excellent understanding of key aspects of music and played an important role in my overall development as a musician – this whole process took place alongside good theological training which was hugely beneficial for me.

Studying an undergraduate degree at London School of Theology helped me grow in my relationship with God which helped me realise my calling to a Masters. London School of Theology has played a key role in my development as a musician, a theologian and a Christian.



Year ended 31 August 2019

# Report and Financial Statements

Company Name

London School of Theology

Company Number

381332

Registered Charity Number

312778

Address of School and Registered Office

London School of Theology  
Green Lane, Northwood, HA6 2UW

Bankers

National Westminster Bank Plc  
159 High Street, Rickmansworth  
Herts, WD3 1AR

Auditors

Haysmacintyre LLP  
10 Queen Street Place, London, EC4R 1AG

Solicitors

Pothecary Witham Weld  
70 St George's Square, London, SW1V 3RD



Year ended 31 August 2019

# Governors' Report

The Governors, who are the trustees and directors of the London School of Theology, have pleasure in presenting their report and the financial statements for the year ended 31 August 2019.

## Statement of Governors' responsibilities in preparing the accounts

Company law requires the Governors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit for that period. In preparing those financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- Follow the methods and principles of the Charities SORP.

The Governors are responsible for maintaining proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

## Preparation of accounts

The accounts have been prepared in accordance with the Statement of Recommended Practice for Accounting and Reporting by Charities (SORP 2015) and the Companies Act 2006. The accounting policies are listed in Note 2 to the accounts.

## Governance and management of the charity

# Trustees

## Governance and management of the charity

### Trustees

The following served as Governors of the charitable company for the whole of the period, and up to the approval of the accounts, unless otherwise stated:

Name	Honorary Position	Note
Mr Steve Hughes*	Chair of the Board	
Rev Dr Alex Irving		
Prof Hugh Williamson+	Chair of the AAC	
Mr Malcolm Peckham*	Chair of the F&GP	Until 07/19
Mrs Margaret Doyle+	Vice-Chair of the Board	
Revd Johnny Douglas		
Revd Yemi Adedeji		
Mr Paul Smith*		
Mr Ian Thompson*	Chair of the F&GP	Chair from 08/19
Rt Revd Graham Cray		

\* Denotes membership of the Finance and General Purposes Committee (F&GP).

+ Denotes membership of the Academic Affairs Committee (AAC) which commenced in October 2017.

## Attendees and Representatives

### The following attended meetings of the Board of Governors:

Name	Position	Note
Revd Dr Calvin Samuel*+	Principal	Until 02/19
Ms Ruwani Gunawardene	Secretary	Until 03/19
Prof Graham Twelftree *+	Academic Dean	
	Acting Principal	From 03/19

\* Denotes attendance of the Finance and General Purposes Committee (F&GP).

+ Denotes attendance of the Academic Affairs Committee (AAC).

## Governance and management of the charity (continued)

Name	Position	Note
Mrs Kate Douglas*+	Academic Secretary, Director of Academic Support	
Mr Jonathan Mead*	Director of Finance and Administration Secretary	From 04/19
Dr Jeremy Perigo+	Faculty Representative	Until 08/19
Dr John Dennis+	Faculty Representative	
Dr Graham McFarlane+	Faculty Representative	From 11/19
Mr Mark Allen	Staff Representative	Until 10/19
Mrs Nisha Panicker	Staff Representative	
Ms Clare Miller	Staff Representative	From 11/19
Mr Phil Hutchinson	Student President	Until 04/19
Miss Rebecca Elkins	Student Body Female Vice-President	Until 04/19
Miss Lydia Lee	Student Body President	From 04/19
Mr Zac Lambert	Student Body Male Vice-President	From 04/19

\* Denotes attendance of the Finance and General Purposes Committee (F&GP).

+ Denotes attendance of the Academic Affairs Committee (AAC).

### Company Secretary

Mr Jonathan Mead

### Methods of Recruitment of Trustees

The Charity draws on its wide range of supporters and former students, from whom trustee candidates with the required experience and skills are sought. It is the Charity's aim always to maintain a broad representation among its trustees, in terms of their academic, financial, interpersonal, cultural, business skills and religious commitments.

### Methods of Appointment

Once potential trustees have been identified and following a discussion at a meeting of the Board of Governors, the candidates are asked to submit a CV for consideration at the next Board meeting. Once candidates have been accepted by the Board and have confirmed their agreement to the Charity's Doctrinal Basis statement, they are usually co-opted onto the Board. Subsequently, at the next AGM they formally stand for election as a Company Member (if required) then stand for election as a Governor for a three year term.

### Training and induction provided for trustees

Our trustees will already be familiar with the ethos and working practices of the Charity, but each new trustee is personally briefed about their role. In the past the Charity has arranged professional outside training for all trustees. Trustees are also asked to access the Charity Commission's website on a regular basis. Trustees are encouraged to attend and to be involved in the Charity's activities throughout the year.



## Governance and management of the charity (continued)

### Senior Employees

Serving as the School's Executive Team during the year 2018/19:

Revd Dr Calvin Samuel	Principal (until 02/19)
Prof Graham Twelftree	Academic Dean and Acting Principal (from 03/19)
Mr Jonathan Mead	Director of Finance and Administration
Mrs Kate Douglas	Academic Secretary, Director of Academic Support

### How the Charity is managed

The Board of Governors meets three or four times a year to consider all matters pertaining to the governance of the Charity. The main operating sub-committees are the Finance & General Purposes Committee (F&GP), which was chaired by Malcolm Peckham followed by Ian Thompson and manages the Charity's fiscal and business affairs under its devolved responsibility from the Board and the Academic Affairs Committee (ACC) chaired by Prof. Hugh Williamson. In addition, there is a Scholarships and Bursaries Committee and a Pensions Committee, the former being chaired by the Director of Finance and administration and the latter by a Pensions Trustee.

The Executive Team (ExT) is the day-to-day decision-making body of the Charity, covering its full life and operations. The ExT meets regularly and is accountable to the Board of Governors. Salaries of key staff are reviewed from time to time taking into account pay in comparable organisations and the finances of the Charity.

On academic matters arising from the Charity's work in providing higher education courses, the Charity has the Academic Affairs Committee mentioned above and an Academic Board that is chaired by the Academic Dean and to which various academic sub-committees report.

### Fundraising approach and performance

The School undertakes fundraising activity to its supporters via direct mail, email, telephone and fundraising events. Our fundraising promise is:

When you support us, you can be sure of the following:

- We will never share your contact details with any other fundraisers
- We will only contact you if you are an alumnus, have expressed an interest in our work or are known to support similar organisations to ourselves.
- If we phone you, we will always check you are happy to take the call
- If you ask us to change how we communicate with you, or to stop, we will respect that
- We do not engage in cold-calling
- We try hard to ensure no one ever feels pressurised to support our work
- All our activities are open, fair, honest and legal.

The charity does not work with any other organisation to deliver its fundraising activity. We have a training programme for all our fundraising staff to regularly reinforce our fundraising ethics. During the year we received a very small number of complaints about our fundraising activities, typically around the stated preferences of our recipients.

## The purpose of the Charity

### Summary of the Objects of the Charity

The principal activity and objectives of the charitable company, as set out in the Articles of Association, is the advancement of the Christian religion, by such means as the Company may determine, including but not limited to:

- a. The conduct of the School and establishment and conduct of Colleges (in all cases) for the study and teaching of the Bible, Christian doctrine and related subjects
- b. The training of ministers of religion, Christian teachers, missionaries and other Christian workers
- c. The support of the School, its students and its former students.

All such activities are carried on in strict accordance with the School's Doctrinal Basis of Faith.

### Public Benefit of the Charity

Trustees are aware of the guidance on Public Benefit as described by the Charity Commission, have taken it into account in operating the Charity, and have sought to ensure that any decisions taken are in furtherance of the Charity's benefit to the public. Trustees consider that the Charity's aims, objectives and activities as described below demonstrate proof of public benefit in the advancement of religion and in the advancement of education. In addition, through the operation of the Charity, associated benefits to the public arising from the operation of the Charity include:

- The provision of subsidised access to the theological library facilities for academics, students and members of the local Christian Community
- Access to means-tested bursaries;
- Access to Christian Counselling through the REMA Counselling Service;
- Access to the grounds by the wider community (e.g. schools and other organisations) consistent with the ethos of the School.
- Provision of theological education to the wider community via our Theology within reach programme.

### Aims, objectives and activities

#### **Aims**

To serve the Church of Jesus Christ throughout the world by educating individuals, equipping local Churches and engaging in leading research.

To achieve this end, LST does not simply seek to serve the Church but it also seeks to be part of the Church. Our ways of working must be marked by faithfulness to God, commitment to the way of Christ and ongoing transformation by the Spirit.

Our Strategic Plan is an outworking of a deeper set of virtues by which its implementation is to be measured. Shaped by our understanding of what it means to be a community of disciples, we seek to embody virtues which reflect the Christ who calls us to follow him and the Spirit who empowers our work.

## The purpose of the Charity (continued)

Our conviction is that these virtues are to infuse our community and that for all who work or study at LST they will be deeply experienced, internalised and expressed.

Gentleness (Galatians 5:22) and Humility (Romans 12:3)

Compassion (Galatians 5:22) and Forgiveness (Ephesians 4:32)

Excellence (Philippians 4:8) and Integrity (John 8:32)

Hospitality (Hebrews 13:1-2) and Service (Matthew 22:37-39)

Hope (Romans 4:3-4) and Joy (Galatians 5:22)

We achieve these aims

By:

- Developing Biblical, theological thinking and practice to the highest levels
- Nurturing Christian faith, spiritual gifts, vocational skills and personal formation
- Encouraging creative integration of biblical learning with other disciplines
- Supporting dynamic innovation in Christian research and practice
- Pursuing Christian excellence in all aspects of School life

Through:

- Academic discipline
- Practical training
- Worship
- Community life
- Pastoral care
- Personal example

In the power of the Holy Spirit, for the furthering of Christ's Kingdom and to the glory of God.

## Objectives

- To deliver world class theological education for the 21st Century;
- To build a strong and vibrant Christian community
- To operate as a sustainable and efficient business
- To build strong and effective relationships across a range of networks.

## Activities

All activities undertaken are in support of the aims and objectives of the Charity. Our primary activity is the provision of high quality academic education that will equip our students for Christian service and leadership. All our other activities support that primary activity and help ensure that the School operates in a financially viable manner. Full details of our courses and other resources can be found on our website ([www.lst.ac.uk](http://www.lst.ac.uk)).



The purpose of the Charity (continued)

### **Key Objectives and Activities for 2018/19**

- Student recruitment increased and agreed target met
- Strategic plan finalised and implementation commenced
- Registration approval received from the Office for Students
- IT enhancements continued and new Student Information System fully implemented
- Financial targets

### **Measures of Success and Outcomes in 2018/19**

- Successfully met the student recruitment target
- With the departure of the Principal a trimmed down 2 year Restoring Foundations plan was agreed by the executive team pending the arrival of a new Principal and its implementation was commenced
- Registration approval from the Office for Students was received in January 2019
- The student Information System continued to be implemented for all undergraduate programmes
- Budgeted net income target was successfully met and surpassed

### **Future Objectives and Activities for 2019/20**

- New Principal recruited and in post by the end of the year
- The Restoring Foundation targets met for the year
- Student recruitment levels maintained at their current levels and retention percentages improved for all programs and forms of delivery
- Student Information System fully implemented for all LST courses and integrated with the School's VLE platform
- The Financial target of breakeven before depreciation met

## **The operation of the Charity relations and affiliations**

The partnership with Middlesex University as the School's validating authority continues and remains a positive relationship.

The School is a member of the Evangelical Alliance, Global Connections (the Evangelical Missionary Alliance), the Association of Bible College Principals, the Association of Bible College Bursars and the European Evangelical Accrediting Agency.

### **Risk Management Statement**

The Charity's risk management strategy continues to be reviewed regularly, identifying the potential effects of major risks affecting the Charity.

The Board of Governors' F&GP Committee reviews and monitors risk on a regular basis, taking direction from the risk evaluation undertaken by the school's departments during the year through a risk matrix. It seeks to mitigate or transfer identified risks on an on-going basis.

The key risks facing the School were seen as compliance, failure to meet all of the third party requirements, financial, a failure to recruit or retain sufficient students or raise adequate 3rd party funding to meet the budgeted income targets for the year and the need to radically improve the online student experience.

## The operation of the Charity relations and affiliations (continued)

Actions to address these risks include for compliance, implementing a new Student information System, for retention, the engagement of the Academic Board to understand the issues impacting this so they can be addressed and for recruitment, the appointment of a recruitment and admissions manager. For Online, our newly appointed Manager of Online Education has greatly enhanced the online materials and VLE learning environment.

The Emergency Procedure document is reviewed within the year and adapted as required. Firm contacts have been made with similar institutions in the locality, who have agreed in principle to provide emergency support/space/facilities on a reciprocal basis in the event of a major disaster.

The Charity purchases appropriate insurance products to protect its assets and operations.

During 2018/19, the School has actively monitored its investment risk taking advice from its actuaries and investment fund managers. The F&GP Committee reviews the investments on a quarterly basis.

General access to key policy documents is provided on the School's intranet site.

### **Dependence on Volunteers**

The Charity is reliant on the continuing voluntary commitment of the trustees, as well as other volunteers who have helped in a number of ways around the school. Students also volunteered in areas such as the library and helping run events.

### **Facilitating Access to Christian Theological Education**

The Charity operates twelve separate restricted bursary funds. The Charity's policy is to award grants on the basis of demonstrable financial need, subject to any restrictions imposed by the original donors of the funds. Award decisions are made by the Charity's Scholarship and Bursary Committee.

## The finances of the Charity

On 30th January 2019 the Office for Students confirmed that our application to be included in the register of English higher education providers had been successful in the approved fee cap category. This has meant effective September 2019 as a provider without a TEF award, that we have had to cap our undergraduate fees at or below the full time limit of £9,000 and the part time limit of £6,750. For our students it has meant that if eligible to claim a student loan, they can for the first time borrow 100% of the fees we charge.

Many of our students however are ineligible to apply for a student loan, having already completed another degree or being from overseas and where they struggle to cover their fees or other costs and face financial pressures they are assisted and encouraged to seek support from potential external sources.

The Charity also has limited bursary funds available to assist those students in financial difficulties to complete their studies. To enable certain postgraduate students to access the School's programmes, it operates a discount fee rate for UK, EU & EEA countries as well as for international students from low-income countries.

The finances of the Charity (continued)

### Reserves

The total Unrestricted Funds amount to £9.917m (2018: £10.078m) before accounting for the pensions reserve deficit of £918k (2018: £312k). Included in these funds are £6.25m of designated income investments and functional fixed assets valued at £2.28m. Free reserves thus stand in surplus by £463k (2018: £1,222k).

This level of reserve falls below the 20% target of annual unrestricted Funds expenditure. In order to achieve this target the School has developed and is implementing a strategy to return regular surpluses based on the introduction of new and streamlined programs and improved operational efficiency.

The value and purposes of the School's various restricted funds are set out in note 12.3. The Trustees make use of these funds as opportunities arise.

### Investments

Over the year the value of the School's fixed asset investments increased by £131k to £9,221k (2018: increase of £1,409). Of this total £7.3m was invested with JM Finn investment managers with the balance in Charinco and Charishare Tobacco-Restricted units.

The School's investment objectives are to provide long-term growth of both capital and income. These objectives form part of the contract with the fund managers, BlackRock and JM Finn. The investments are reviewed quarterly by the F&GP Committee, who also meet with BlackRock and JM Finn as required.

The School's investments are held in managed funds. During the year the school responded to concerns raised by the student body and introduced an Ethical investment policy. This policy, based largely on the Church of England policy, ensures that the school's investments are held in companies and sectors that demonstrate a proper regard for the environment and for the well-being of the created order.

### Financial Results

Overall income decreased from £3,419k to £3,359k (2018: increased from £3,071k to £3,419k).

Expenditure in total increased from £3,692k to £3,724k.

The SOFA shows an operational loss of £365k (2018: operational loss of £273k).

There were gains on investments of £178k (2018: gains £240k).

There were actuarial losses of £604k (2018: gain of £472k). These combined resulted in a total net decrease in funds of £791k.

The School's funds have been applied for the purpose of the principal activity.

## Independent Auditors

A resolution was made at the AGM in 2019 to reappoint haysmacintyre as auditors to the Charity. On 1 April 2019, haysmacintyre transferred its entire business to Haysmacintyre LLP, a limited liability partnership.

Haysmacintyre LLP was appointed as auditor to the Charity with effect from this date. This appointment and the auditor's remuneration will be reviewed again at the AGM in 2020.

## Independent Auditors (continued)

**Statement of disclosure to Auditors**

As far as the Trustees are aware:

- There is no relevant audit information of which the Charity's Auditors are unaware.
- Trustees have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's Auditors are aware of that information.

Signed on behalf of the Board of Governors in their capacity as the Company Directors by Steve Hughes  
(Chairman)



Year ended 31 August 2019

# Auditors Report

Independent report of the Auditor's to the Members and Trustees of London School of Theology

## Opinion

We have audited the financial statements of London School of Theology for the period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent report of the Auditor to the Members and Trustees of London School of Theology (continued)

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Governors' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent report of the Auditor's to the Members and Trustees of London School of Theology (continued)

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report which are included in the Governors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which includes the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Halsey (Senior Statutory Auditor)  
for and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place  
London EC4R 1AG  
30th January 2020

# Statement Of Financial Activities

## Year Ended 31 August 2019

	Unrestricted Funds	Restricted Funds	Endowment	Total 2019	Total 2018
	£	£	£	£	£
<b>Notes</b>					
<b>Income From</b>					
<b>Donations and legacies</b>	227,347	150,939	-	378,286	231,086
<b>Charitable activities</b>					
Education	2,539,674	-	-	2,539,674	2,705,519
Conferences	13,102	-	-	13,102	23,245
<b>Investments</b>	248,486	55,800	-	304,286	342,906
<b>Trading income</b>	49,447	-	-	49,447	58,040
<b>Other income</b>	74,294	-	-	74,294	58,394
<b>Total Income</b>	<u>3,152,350</u>	<u>206,739</u>	<u>-</u>	<u>3,359,089</u>	<u>3,419,190</u>
<b>Expenditure On</b>					
<b>Raising Funds</b>					
Investment manager fee	39,589	-	-	39,589	33,761
Trading expenses	49,151	-	-	49,151	59,826
Fundraising costs	57,822	-	-	57,822	58,168
<b>Charitable activities</b>					
Education	3,291,707	247,561	-	3,539,268	3,503,429
Conferences	38,565	-	-	38,565	36,932
<b>Total Expenditure</b>	<u>3,474,834</u>	<u>247,561</u>	<u>-</u>	<u>3,724,395</u>	<u>3,692,116</u>
Net expenditure before transfers	(324,484)	(40,822)	-	(365,306)	(272,926)
Investment gains/(losses)	161,042	14,283	2,522	177,847	239,586
<b>Net expenditure</b>	<u>(163,442)</u>	<u>(26,539)</u>	<u>2,522</u>	<u>(187,459)</u>	<u>(33,340)</u>
Defined benefit pension scheme (losses)/gains	<u>(604,000)</u>	<u>-</u>	<u>-</u>	<u>(604,000)</u>	<u>472,000</u>
<b>Net movement in funds</b>	<u>(767,442)</u>	<u>(26,539)</u>	<u>2,522</u>	<u>(791,459)</u>	<u>438,660</u>
Balance brought forward at 1 September 2018	<u>9,766,015</u>	<u>1,877,917</u>	<u>271,680</u>	<u>11,915,612</u>	<u>11,476,952</u>
Balance carried forward at 31 August 2019	<u>8,998,573</u>	<u>1,851,378</u>	<u>274,202</u>	<u>11,124,153</u>	<u>11,915,612</u>

The School had no recognised gains and losses other than the result for the period. There were no movements on reserves other than those on the Statement of Financial Activities above.



## Balance Sheet - as at 31 August 2019

		2019		2018	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	5	2,284,528		2,454,354	
Investments	6	<u>9,220,839</u>		<u>9,089,699</u>	
			11,505,367		11,544,053
<b>Current Assets</b>					
Stocks	7	13,377		12,115	
Debtors	8	245,384		294,062	
Cash at bank and in hand		<u>908,730</u>		<u>958,975</u>	
		1,167,491		1,265,152	
<b>Current Liabilities</b>					
Creditors: within one year	9	<u>(578,980)</u>		<u>(581,593)</u>	
<b>Net Current Assets</b>			588,511		683,559
<b>Total assets less current liabilities</b>			12,093,878		12,227,612
Creditors: Amounts falling due after more than one year	10		(51,725)		—
Pension scheme liability			<u>(918,000)</u>		<u>(312,000)</u>
<b>Net Assets After Pension Scheme Liabilities</b>			<u>11,124,153</u>		<u>11,915,612</u>
<b>Funds</b>					
Unrestricted	12	9,916,573		10,078,015	
Restricted	12	1,851,378		1,877,917	
Endowment	12	<u>274,202</u>		<u>271,680</u>	
<b>Funds (excluding pension scheme reserve)</b>			12,042,153		12,227,612
<b>Unrestricted pension reserve (deficit)</b>			<u>(918,000)</u>		<u>(312,000)</u>
			<u>11,124,153</u>		<u>11,915,612</u>

The financial statements were approved and authorised for issue by the Board on 30th January 2020 and were signed on its behalf by: Mr Steve Hughes (Chairman)

# Cash Flow Statement

## Year Ended 31 August 2019

	2019		2018	
	£	£	£	£
<b>Reconciliation of changes in resources to net cash inflow from operating activities</b>				
<b>Net (outgoing) / incoming resources for the year</b>		(365,306)		(272,926)
Depreciation charged	243,395		225,601	
Write off of fixed assets	-		49,898	
(Increase)/decrease in stocks	(1,262)		(3,070)	
(Increase)/decrease in debtors	48,678		(22,305)	
(Decrease)/increase in creditors	49,112		(188,512)	
Decrease in pension scheme deficit net of actuarial gains and losses	2,000		(328,000)	
Less investment income	(304,286)		(342,905)	
		37,637		(609,293)
<b>Net cash flow from operating activities</b>		(327,669)		(882,219)
<b>Investing activities</b>				
Investment income	304,286		342,905	
Additions to investments	(1,029,994)		(1,505,674)	
Sale of investments	1,076,701		336,377	
Purchase of tangible fixed assets	(73,569)		(1,099,535)	
		277,424		(1,925,927)
<b>Decrease in cash in the year</b>		(50,245)		(2,808,146)
Cash and cash equivalents at the beginning of the year		958,975		3,767,121
<b>Cash and cash equivalents at the end of the year</b>		908,730		958,975
<b>Cash and cash equivalents comprise:</b>				
Cash at bank		908,730		958,975
		908,730		958,975

# Notes to the Financial Statements

## Year Ended 31 August 2019

### 1. Company Status

London School of Theology is a charitable company incorporated in England and Wales. Further company information can be found on page 11.

London School of Theology is a company limited by guarantee and not having a share capital. The members have each undertaken to contribute such a sum as may be required, not exceeding £10, in the event of the company being wound up.

The London School of Theology is also a registered charity and as such is exempt from Corporation Tax on its charitable activities.

### 2. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2015), the Companies Act 2006 and FRS102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

London School of Theology meets the definition of a public benefit entity under FRS 102. The comparative figures in these financial statements relate to the year ended 31 August 2018.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(a) *Basis of accounting*

The financial statements are prepared under the historical cost convention which has been modified to include the revaluation of fixed asset investments.

(b) *Fees and similar income*

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable include contributions received from Restricted Funds for scholarships, bursaries and other grants.

(c) *Legacies*

Legacies receivable are credited to the Statement of Financial Activities only to the extent that the 3 principles of entitlement, probability and measurability can be applied.

**2. Accounting Policies (continued)****(d) Donations and Fund accounting**

Donations under Gift Aid are included in the Statement of Financial Activities inclusive of any tax recoverable. Donations received for the general purposes of the charity are included as Unrestricted Funds. Donations whose application is restricted by the wishes of the donor are taken to Restricted Funds and donations that are required to be retained as capital in accordance with the donor's wishes are accounted for as Endowments. Designated funds are those funds set aside by the Trustees out of the Unrestricted Funds for a particular purpose.

**(e) Expenditure**

Resources Expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. These include some specific costs and the following larger cost areas:

The Administration Department activities cover supporting teaching and students as well as administering the charity. 5% of the Administration Department's staff costs are charged to the Governance of the charity.

The Communication Department activities cover the issue of information to prospective students as well as publicising the charity for fundraising purposes. 20% of the Communication Department's costs are charged to fundraising and publicity.

Catering & Housekeeping costs are apportioned between the following activities at the given percentages, based on the estimated use of these resources during the year:

**Raising Funds**

Fund-raising trading costs – 2%

**Charitable activities**

Education – 94%

Conferences – 4%

Other administration and IT costs and Property & Services costs are apportioned between the following activities at the given percentages:

**Costs of generating funds**

Costs of generating voluntary income – 2%

Fund-raising trading costs – 0%

**Charitable activities**

Education – 96%

Conferences – 2%

## Notes To The Financial Statements – Year Ended 31 August 2019

**2. Accounting Policies (continued)****(f) Recognition of liabilities**

Liabilities are recognised in the period to which they relate. Shortfalls in anticipated future pension scheme commitments are calculated on the basis of assumptions stated in Note 15. Constructive obligations under pension arrangements are also recognised as liabilities.

**(g) Grants and bursaries**

Grants and bursaries from Restricted Funds are included as expenditure in the period in which the award is given.

**(h) Investments and investment income**

Investments are stated at the middle market price at the balance sheet date. Realised increases or decreases in the value of these investments are shown as realised gains or losses in the statement of financial activities. Investment income is accounted for in the period in which the charity is entitled to receipt.

**(i) Interest receivable**

The cash holdings of the special funds are held in the general fund bank accounts. The interest receivable on these balances is based on each of the special funds holdings at the balance sheet date and transferred to the individual special funds as income in that year.

**(j) Tangible fixed assets**

All assets are included at cost and capitalised only where the value is greater than £500.

Depreciation is calculated (except on freehold land) to write off the cost of buildings and tangible fixed assets on a straight-line basis over their estimated useful lives. Rates for fixed assets are applied as follows:

Land	0%
Buildings	2%
Fixture and fittings	10%
Equipment	20% – 25%
Computers	33%

A depreciation rate on the building element of the properties reflects the anticipated active life of the existing structures. The Governors are, nevertheless, of the opinion that the residual value of the School's freehold buildings is substantially in excess of the present book value.

Leasehold properties are depreciated over the remaining life of the lease.

**(k) Stock**

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



## Notes To The Financial Statements – Year Ended 31 August 2019

**2. Accounting Policies (continued)**(i) *Exchange gains and losses*

Transactions designated in foreign currencies are translated at the rate prevailing on the date of the transaction. Balances denominated in foreign currencies are translated at the rate prevailing at the balance sheet date.

(m) *Operating leases*

Operating lease premiums are spread on a straight-line basis over the lease term.

(n) *Pension costs*

Defined Benefit Scheme

Contributions to the defined benefit scheme are charged to the statement of financial activities on the basis of the current service cost as reported by the scheme actuaries under FRS 102.

*Defined Contribution Scheme*

Contributions payable to the defined contribution pension scheme are charged to the statement of financial activities in the period to which they relate.

(o) *Critical sources of estimation uncertainty and accounting judgements*

The governors consider there to be the following key sources of estimation uncertainty and have therefore applied judgement:

*Useful lives of fixed assets*

The useful lives over which fixed assets are depreciated are estimated by reference to historical experience of the times assets are retained and utilised by the school.

**3. Expenditure**

	Raising Funds	Charitable Activities	Total 2019
	£	£	£
<b>Year Ended 31st August 2019</b>			
Direct costs	51,312	561,625	612,937
Staff costs	79,987	1,955,034	2,035,021
Depreciation	4,868	238,527	243,395
Bursaries and prizes	-	247,561	247,561
Support and governance costs	10,395	575,086	585,481
	<u>146,562</u>	<u>3,577,833</u>	<u>3,724,395</u>
<b>Year Ended 31st August 2018</b>			
Direct costs	50,471	505,688	556,159
Staff costs	83,778	1,838,783	1,922,561
Depreciation	4,512	221,089	225,601
Bursaries and prizes	-	260,211	260,211
Support and governance costs	12,994	714,590	727,584
	<u>151,755</u>	<u>3,540,361</u>	<u>3,692,116</u>

## Notes To The Financial Statements – Year Ended 31 August 2019

**3. Expenditure (continued)**

Included in resources expended are the following:

The auditor's remuneration during the year amounted to £10,200 for audit services (2018: £9,800) and £0 for other services (2018: £1,375).

Hire of plant (operating leases) which amounted to £29,755 (2018: £27,571).

**4. Staff Costs**

	2019	2018
	£	£
Wages and salaries	1,700,468	1,654,435
Social security costs	146,005	139,782
Pension contributions	88,804	87,972
Other pension costs	79,094	40,372
Termination payments	20,650	-
	<u>2,035,021</u>	<u>1,922,561</u>

One member of the London School of Theology, who is a trustee and director for the purposes of the Companies Act, Alex Irving received £200 for writing lecture materials during the year. Three trustees received reimbursement of their travel expenses during the year.

	2019	2018
	No.	No.
The average number of employees by function was:		
Education	61	65
Fund-raising and publicity	2	2
Ancillary to main function of education	<u>1</u>	<u>2</u>
	<u>64</u>	<u>69</u>

One employee earned between £60,000 and £70,000 during the year, no other employees earned more than £60,000 (2018: one employee earned between £70,000 and £80,000).

Key management personnel remuneration for the period totalled £257,811 (2018: £243,227).

Notes To The Financial Statements (continued)  
Year Ended 31 August 2019

<b>5. Fixed Assets</b>	Freehold and leasehold property	Motor Vehicles	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2018	1,287,768	3,676	2,209,369	3,500,813
Additions	-	-	73,569	73,569
Disposals	-	-	-	-
At 31 August 2019	<u>1,287,768</u>	<u>3,676</u>	<u>2,282,938</u>	<u>3,574,382</u>
<b>Depreciation</b>				
At 1 September 2018	350,466	3,676	692,317	1,046,459
Charge for the year	20,718	-	222,677	243,395
Disposals	-	-	-	-
At 31 August 2019	<u>371,184</u>	<u>3,676</u>	<u>914,994</u>	<u>1,289,854</u>
<b>Net Book Value</b>				
At 31 August 2019	<u>916,584</u>	<u>-</u>	<u>1,367,944</u>	<u>2,284,528</u>
At 31 August 2018	<u>937,302</u>	<u>-</u>	<u>1,517,052</u>	<u>2,454,354</u>

## 6. Fixed Assets Investments

	2019	2018
	£	£
Market value at 1 September 2018	9,089,699	7,680,816
New funds placed and invested in year	-	1,190,000
Additional investments purchased	1,029,994	315,674
Disposals at market value	(1,076,701)	(349,181)
Investment income reinvested in the period / movement in cash balances	-	16,691
Revaluation in the year	177,847	235,699
Market value at 31 August 2019	<u>9,220,839</u>	<u>9,089,699</u>
Cost of investments	<u>7,276,421</u>	<u>7,276,421</u>

The School's investments comprise historical holdings of Charinco and Charishare Tobacco Restricted units, managed by BlackRock Life Limited, with a total value as at 31 August 2019 of £1,827,368 and mixed portfolio of listed investments managed by JM Finn & Co., with a total value as at 31 August 2019 of £7,393,471. None of the individual holdings within the JM Finn portfolio is individually significant.

Notes To The Financial Statements (continued)  
Year Ended 31 August 2019

## 7. Stocks

	2019	2018
	£	£
Catering and other sundry stocks	<u>13,377</u>	<u>12,115</u>

## 8. Debtors

	2019	2018
	£	£
Fee debtors	110,579	141,005
Other debtors	10,688	42,760
Prepayments	<u>124,117</u>	<u>110,297</u>
	<u>245,384</u>	<u>294,062</u>

## 9. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	69,690	164,944
Deferred income – payments received on account	180,372	172,460
Social security costs	37,487	38,677
Pension scheme contributions	12,061	11,563
Other creditors	88,943	37,779
Accruals	<u>190,427</u>	<u>156,170</u>
	<u>578,980</u>	<u>581,593</u>

Deferred income comprises:

	Balance at 31 August 2018	Receipts in the year	Credited to income in the year	Balance at 31 August 2019
Fees in advance	112,038	218,532	(218,383)	112,187
Open learning fees	<u>60,422</u>	<u>22,531</u>	<u>(14,768)</u>	<u>68,185</u>
	<u>172,460</u>	<u>241,063</u>	<u>(233,151)</u>	<u>180,372</u>

## 10. Creditors: amounts falling due after one year

	2019	2018
	£	£
Finance lease falling due 1-2 years	<u>51,725</u>	<u>-</u>
	<u>51,725</u>	<u>-</u>

Notes To The Financial Statements (continued)  
Year Ended 31 August 2019

## 11. Financial Instruments

	2019	2018
	£	£
Financial assets measured at fair value	10,129,569	10,048,674
Financial assets measured at amortised cost	121,267	150,291
Financial liabilities measured at amortised cost	170,694	214,286

Financial assets measured at fair value comprise cash and listed investments.

Financial assets measured at amortised cost comprise debtors and other receivables.

Financial liabilities measured at amortised cost comprise bank overdraft, trade and other creditors.

## 12. General and Special Funds

	Balance at 1 September 2018 £	Income £	Gains/(Losses) £	Balance at 31 August 2019 £
<b>12.1 Endowment Funds</b>				
Montague Goodman Bursary	110,144	-	1,022	111,166
Jomac Hennell Bursary	35,389	-	329	35,718
Sir John Laing Memorial	110,556	-	1,026	111,582
Sir John Laing Lecture	15,591	-	145	15,736
	<u>271,680</u>	<u>-</u>	<u>2,522</u>	<u>274,202</u>
	Balance at 1 September 2017 £	Income £	Gains/(Losses) £	Balance at 31 August 2018 £
Montague Goodman Bursary	106,816	-	3,328	110,144
Jomac Hennell Bursary	34,320	-	1,069	35,389
Sir John Laing Memorial	107,215	-	3,341	110,556
Sir John Laing Lecture	15,120	-	471	15,591
	<u>263,471</u>	<u>-</u>	<u>8,209</u>	<u>271,680</u>

The Montague Goodman, Jomac Hennell and Sir John Laing Memorial funds were established for the provision of bursaries to students attending the School. The Sir John Laing Lecture fund was established to finance the organisation of the annual memorial lecture. The capital of these funds are to be kept in perpetuity.



Notes To The Financial Statements (continued)  
Year Ended 31 August 2019

	Balance at 1 September 2018	Income	Expenditure/ Fund transfers	Gains/ (Losses)	Balance at 31 August 2019
	£	£	£	£	£
<b>12.2 Unrestricted Funds</b>					
General fund	3,988,217	3,152,350	(3,474,834)	-	3,665,733
Designated fund	6,089,798	-	-	161,042	6,250,840
Pensions reserve	(312,000)	-	(2,000)	(604,000)	(918,000)
	<u>9,766,015</u>	<u>3,152,350</u>	<u>(3,476,834)</u>	<u>(442,958)</u>	<u>8,998,573</u>
	Balance at 1 September 2017	Income	Expenditure/ Fund transfers	Gains/ (Losses)	Balance at 31 August 2018
	£	£	£	£	£
General fund	4,502,267	3,245,855	(3,759,905)	-	3,988,217
Designated fund	5,904,918	-	-	184,880	6,089,798
Pensions reserve	(1,112,000)	-	328,000	472,000	(312,000)
	<u>9,295,185</u>	<u>3,245,855</u>	<u>(3,431,905)</u>	<u>656,880</u>	<u>9,766,015</u>

The designated fund was established in 2017 from the proceeds of a land sale and invested with JM Finn to generate long term investment income for the School.

## Notes To The Financial Statements

**12. General and special funds (continued)**

<b>12.3 Restricted Funds</b>	Balance at 1 September 2018	Income	Expenditure	Gains	Balance at 31 August 2019	Purpose of fund
	£	£	£	£	£	£
Henman Memorial Bursary	562,954	15,526	(73,425)	4,793	509,848	For student bursaries
Student Grant Bursary	823,341	24,554	29,178	7,010	884,083	For student bursaries
Graham Scholarship	175,254	4,433	(35,489)	1,492	145,690	For student bursaries
Mary Fisher Memorial	45,557	1,082	(11,432)	388	35,595	For student bursaries
Laing Scholarship	7,075	12,000	(19,075)	-	-	For research student scholarship
Jerusalem Trust	-	21,500	(21,500)	-	-	For online education
Student Wives Bursary	66,781	1,631	(15,337)	569	53,644	For study support for Students' spouses
Music and Worship Bursary	19,365	1,570	(10,150)	-	10,785	For bursaries to music and worship students
Students in Need Fund	40,926	8,990	(25,935)	-	23,981	For students in need
Reading Prize Fund	184	-	-	-	184	For annual prizes
Sir Eric Richardson Prize	121	17	255	1	394	For annual prizes
Griffiths Prize	3,554	80	(1,018)	30	2,646	For annual prizes
Faculty Hardship Fund	958	-	-	-	958	For faculty members
Children Workers Course	1,759	-	-	-	1,759	For the development of Children's ministry
David Wheaton Bursary	-	500	(50)	-	450	For the purchase of books
Maranatha Trust Scholarship	-	40,000	-	-	40,000	For overseas students to study for 1 year on site
Student Information System grant	-	30,000	(23,088)	-	6,912	To help cover the cost of implementing new SIS
Beacon Trust	-	6,000	-	-	6,000	To help support a student from Latin America
Henman Internet Fund	4,013	-	-	-	4,013	For the development of IT projects by LST research students.
Tom Rees Evangelist in residence	9,248	-	(1,280)	-	7,968	For funding an evangelist in residence
Vaux sur Seine	5,224	-	-	-	5,224	For the translation of open learning resources into French
Building Development Fund	-	1,392	(1,392)	-	-	For School development projects
Alumni Fund	22,609	36	-	-	22,645	For LST alumni events
Alumni Bursary Fund	32,798	-	(7,217)	-	25,581	For student bursaries
Hebrew Prize	620	-	(100)	-	520	For high attainment in Hebrew language studies
Other restricted funds	25,163	28,951	(29,687)	-	24,427	For various restricted purposes
<b>Endowment Income Accounts</b>						
Montague Goodman Bursary	12,795	3,386	-	-	16,181	For student bursaries
Jomac Hennell Bursary	6,071	1,088	-	-	7,159	For student bursaries
Sir John Laing Memorial	14,123	3,399	-	-	17,522	For student bursaries
Sir John Laing Lecture	(2,576)	604	(819)	-	(2,791)	For the annual memorial lecture
<b>Total</b>	<b>1,877,917</b>	<b>206,739</b>	<b>(247,561)</b>	<b>14,283</b>	<b>1,851,378</b>	

## Notes To The Financial Statements

**12. General and special funds (continued)**

<b>12.3 Restricted Funds</b>	Balance at 1 September 2017	Income	Expenditure	Gains	Balance at 31 August 2018	Purpose of fund
	£	£	£	£	£	£
Henman Memorial Bursary	532,668	15,017	-	15,269	562,954	For student bursaries
Student Grant Bursary	896,387	23,736	(120,906)	24,124	823,341	For student bursaries
Graham Scholarship	166,612	4,287	-	4,355	175,254	For student bursaries
Mary Fisher Memorial	43,445	1,047	-	1,065	45,557	For student bursaries
Laing Scholarship	14,572	31,065	(38,562)	-	7,075	For research students scholarship
Jerusalem Trust	-	30,000	(30,000)	-	-	For online education
Student Wives Bursary	63,595	1,577	-	1,609	66,781	For study support for Students' spouses
Music and Worship Bursary	19,034	331	-	-	19,365	For bursaries to music and worship students
Students in Need Fund	27,656	13,270	-	-	40,926	For students in need
Reading Prize Fund	184	-	-	-	184	For annual prizes
Sir Eric Richardson Prize	204	17	(100)	-	121	For annual prizes
Griffiths Prize	3,401	78	-	75	3,554	For annual prizes
Faculty Hardship Fund	958	-	-	-	958	For faculty members
Children Workers Course	1,759	-	-	-	1,759	For the development of Children's ministry
Henman Internet Fund	4,013	-	-	-	4,013	For the development of IT projects by LST research students.
Tom Rees Evangelist in residence	10,448	-	(1,200)	-	9,248	For funding an evangelist in residence
Vaux sur Seine	5,224	-	-	-	5,224	For the translation of open learning resources into French
Building Development Fund	29,265	469	(29,734)	-	-	For School development projects
Alumni Fund	20,802	3,154	(1,347)	-	22,609	For LST alumni events
Alumni Bursary Fund	32,798	-	-	-	32,798	For student bursaries
Hebrew Prize	720	-	(100)	-	620	For high attainment in Hebrew language studies
Other restricted funds	21,598	41,210	(37,645)	-	25,163	For various restricted purposes
<b>Endowment Income Accounts</b>						
Montague Goodman Bursary	9,520	3,275	-	-	12,795	For student bursaries
Jomac Hennell Bursary	5,019	1,052	-	-	6,071	For student bursaries
Sir John Laing Memorial	10,836	3,287	-	-	14,123	For student bursaries
Sir John Laing Lecture	(2,422)	463	(617)	-	(2576)	For the annual memorial lecture
<b>Total</b>	<b>1,918,296</b>	<b>173,335</b>	<b>(260,211)</b>	<b>46,497</b>	<b>1,877,917</b>	

### 13. Analysis of Net Assets Between Funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
<b>Fund balances at 31 August 2019</b>				
<b>Represented by:</b>				
Tangible fixed assets	2,284,528	-	-	2,284,528
Investments	7,393,471	1,553,166	274,202	9,220,839
Current assets	869,279	298,212	-	1,167,491
Current liabilities	(578,980)	-	-	(578,980)
	<u>9,968,298</u>	<u>1,851,378</u>	<u>274,202</u>	<u>12,093,878</u>
Creditors due after more than 1 year	(51,725)	-	-	(51,725)
Pension Scheme liabilities	(918,000)	-	-	(918,000)
	<u>8,998,573</u>	<u>1,851,378</u>	<u>274,202</u>	<u>11,124,153</u>

### 14. Corporation Tax

The company is exempt from Corporation Tax on its charitable activities.

### 15. Pension Commitments

The School operates two pension schemes for its employees; the London School of Theology Pension and Assurance Scheme ("the Defined Benefit Scheme"), which is a defined benefit occupational pension scheme and a Group Personal Pension (GPP) which is a defined contribution arrangement.

The Defined Benefit Scheme is closed to new members. Employees who joined the School after 1 April 2000 are offered membership of the Group Personal Pension (GPP). The assets of the Defined Benefit Scheme are held separately from the assets of the School and are administered by Trustees and managed professionally. The assets of the Group Personal Pension are held separately from the assets of the School and are managed professionally.

Under the Group Personal Pension (GPP) the School pays contributions to personal pension policies for pensionable employees who joined the School after 1 April 2000. The pension cost charge represents contributions payable by the School to the personal pension policies and amounted to £89,230 (2018: £87,972). At 31st August there were £12,061 of outstanding contributions (2018: £11,563) payable to the personal pension policies.

The remainder of this note relates to the pension costs for the Defined Benefit Scheme determined in accordance with the accounting standard FRS 102 as amended by Accounting Standards Board December 2006, amendment. The contributions to the GPP are accounted for on a cash accruals basis in addition to the costs shown below.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process the school must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

## Notes To The Financial Statements

**15. Pension Commitments (continued)**

The Defined Benefit Scheme is administered by Barnett Waddingham LLP in accordance with the rules and valuations of that fund. Before the scheme closed to future accruals in the year, contribution rates for employees were 6% of pensionable salary. Employer contributions were 14.1% of pensionable salary. Barnett Waddingham LLP have provided actuarial advice to the Governors.

**Non Scheme Pension Provision**

In addition to the Scheme liabilities there is a potential liability of £38,000 (2018: £44,000) for discretionary pension benefits, if such payments continued to be made over the lives of the beneficiaries at the present rate. These beneficiaries may include retired members of staff who are not members of the Scheme. These benefits are paid from the School's general fund and not from the Scheme itself.

The Scheme's net liability of £880,000 plus the non-scheme provision of £38,000 results in a reserve deficit of £918,000.

The amounts in the balance sheet, excluding the discretionary pension benefit amounts, are as follows:

	2019 £000's	2018 £000's
Scheme assets at year end	5,447	5,191
Present value of funded obligations obligation	(6,327)	(5,459)
	<u>(880)</u>	<u>(268)</u>
<b>Actuarial gains/losses comprise:</b>		
Loss/(gain) on scheme assets in excess of interest	(341)	109
Loss/(gain) from change in assumptions	945	(292)
Experience losses/(gains) on liabilities	-	(289)
	<u>604</u>	<u>(472)</u>
<b>Analysis of amounts charged to activity costs categories:</b>		
	2019 £000's	2018 £000's
<b>Bank and other interest/ (other finance charges)</b>		
Interest on scheme assets	(142)	(127)
Interest cost	150	150
	<u>8</u>	<u>23</u>
<b>Change in scheme liabilities</b>		
Beginning balance	(5,459)	(6,083)
Interest cost	(150)	(150)
Gains/(losses) from changes in actuarial assumptions	(945)	292
Experience losses/(gains) on liabilities	-	289
Benefits paid	227	193
Closing balance	<u>(6,327)</u>	<u>(5,459)</u>



## Notes To The Financial Statements

**15. Pension Commitments (continued)**

<b>Change in scheme assets</b>	2019	2018
	£000s	£000s
Beginning balance	5,191	5,014
Interest on scheme assets	142	127
Return on assets in less interest	341	(109)
Contributions by employer	-	352
Benefits paid	(227)	(193)
Closing balance	<u>5,447</u>	<u>5,191</u>

The major categories of the scheme assets are as follows:

	31 August 2019		31 August 2018	
	% of assets	Fund value £000s	% of assets	Fund value £000s
Equities and other growth assets	43%	2,344	47%	2,416
Bonds and cash	57%	<u>3,103</u>	53%	<u>2,775</u>
Total assets at end of year		<u>5,447</u>		<u>5,191</u>

	2019	2018
	£000s	£000s
Actual return on scheme assets	<u>483</u>	<u>18</u>

The value of the Scheme's liabilities has been determined by a qualified actuary based on the results of the actuarial valuation as at 5 April 2018, updated to the review date allowing for cashflows in and out of the scheme and using the following assumptions:

Actual assumptions used:	2019	2018
	%	%
Discount rate	1.8%	2.8%
Rate of increase in pensions in payment	3.35%	3.25%
Rate of RPI price inflation	3.4%	3.3%
Rate of CPI price inflation	2.4%	2.3%
Post – retirement mortality	110% S2PA/ 105% S2PFA CMI 2017 [1%]	110% S2PA/ 105% S2PFA CMI 2017 [1%]

Commutation: Members are assumed to take 20% of their pension as tax free cash.

## Notes To The Financial Statements

**15. Pension Commitments (continued)****Sensitivity analysis**

Impact on the value of liabilities of:

Reduction of 0.1% in the Discount Rate	£88k increase
Increase of 0.1% in inflation assumption	£29k increase
Increase in long-term mortality projection of 1.5%	£122k increase

**16. Leasing Commitments**

At 31 August 2019, the School was committed to making the minimum lease payments in respect of hire of machinery:

Operating leases which expire:	2019	2018
	£	£
Within 1 year	15,968	27,571
Within 2 to 5 years	1,638	9,190
	<u>17,606</u>	<u>36,761</u>

Notes To The Financial Statements (continued)  
Year Ended 31 August 2019

## 17. Comparative Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment £	Total 2018 £
<b>Income From</b>					
<b>Donations and legacies</b>		111,587	119,499	-	231,086
<b>Charitable activities</b>					
Education		2,705,519	-	-	2,705,519
Conferences		23,245	-	-	23,245
<b>Investments</b>		289,070	53,836	-	342,906
<b>Trading income</b>		58,040	-	-	58,040
<b>Other income</b>		58,394	-	-	58,394
<b>Total Income</b>		<u>3,245,855</u>	<u>173,335</u>	<u>-</u>	<u>3,419,190</u>
<b>Expenditure On</b>					
<b>Raising Funds</b>					
Investment manager fee		33,761	-	-	33,761
Trading expenses		59,826	-	-	59,826
Fundraising costs		58,168	-	-	58,168
<b>Charitable activities</b>					
Education		3,243,218	260,211	-	3,503,429
Conferences		36,932	-	-	36,932
<b>Total Expenditure</b>	3	<u>3,431,905</u>	<u>260,211</u>	<u>-</u>	<u>3,692,116</u>
Net income before transfers		(186,050)	(86,876)	-	(272,926)
Investment gains/(losses)		184,880	46,497	8,209	239,586
<b>Net income</b>		<u>(1,170)</u>	<u>(40,379)</u>	<u>8,209</u>	<u>(33,340)</u>
Defined benefit pension scheme gains		472,000	-	-	472,000
<b>Net movement in funds</b>		470,830	(40,379)	8,209	438,660
Balance brought forward at 1 September 2017		9,295,185	1,918,296	263,471	11,476,952
Balance carried forward at 31 August 2018		<u>9,766,015</u>	<u>1,877,917</u>	<u>271,680</u>	<u>11,915,612</u>



London School of Theology



Year ended  
31 August 2019

# Report and Financial Accounts



# 2019

Company  
Registered No:  
381332

Registered  
Charity No:  
312778