



London School of Theology

Report and Financial Accounts

2021

Company Registered No: 381332

Registered Charity No: 312778

Year ended 31 August 2021



Report and Financial Accounts

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

2020-2021

We are committed to offering the **highest standard** of education.



Introduction from the Principal

Welcome

I write this introduction as I come towards the end of my second year as Principal of London School of Theology. This year seems to have rushed past, with a number of challenges and much to celebrate, for which we thank God.

Similar to last year, this year has not been an easy one with lockdowns (again) a return to campus and finally a restoration of normal on campus teaching. The special arrangements to help students during the Covid season has meant that extra marking time had to be arranged during the month of August. It also meant that a number of students struggled to progress in a timely manner. Nevertheless, we have done well overall, and I am most grateful to faculty and staff for all their hard work.

I was very pleased to participate in two graduation services this past summer, one in July for the graduates of 2020 and one in September for the graduates of 2021. Both occasions were very special ones, and it was wonderful to see the joy on the faces of our students as well as the pride of their families and friends.

We have welcomed a great bunch of new students both on campus and online, with some taking advantage of the opportunity to move between the two modes of study in what

we call a 'blended' approach. We welcome students from all over the world and it is exciting to see a culturally diverse group in the dining room and chapel when we gather together.

This year we have benefitted from being part of the science for seminaries project, being run from the University of Durham. It invites theological colleges to embed science into the curriculum in order to better equip church leaders to engage with aspects of science and overcome the divide between faith and science that is still prevalent in many quarters. We have focused on creation and its care as our major theme; and this has been reflected in our summer conference on the theme of evangelical ecotheology and will be addressed at our forthcoming research conference in 2022.

In many ways, this particular project highlights our commitment to theology as an 'engaged' discipline. At LST we don't think of theology in an arcane manner. We maintain academic rigour, but we do so by bringing theology into dialogue with other domains, such as music, counselling and psychology. Theology has never been 'pure' but has always interfaced with things like history, literary studies, philosophy and culture. To these subjects we now add science as well. This is an exciting development and helps us to

be creative while maintaining our commitment to Evangelical Theology and the supreme authority of Scripture in matters of faith and doctrine.

During this year, we have been involved in a re-envisioning process and this has included an interesting and important set of conversations about our identity, purpose and vision for the future. As part of this process, we have listened to many people both internally and externally. We have also reflected on our past as well as our existing organisational culture. Over the next year we shall finalise our new five-year strategic plan and move forward with energy and a renewed sense of purpose. May I invite you to pray for us as we continue to discern the way forward together.

Once again, I am so grateful to all my colleagues, my executive team, trustees, faculty and staff, for working with me to ensure the success of the School. As last year, I am reminded of the old London Bible College motto: "Set your mind on things above" (Col. 3.2). Whatever the circumstances, we exist to serve the Lord Jesus Christ and his Church. May we continue in his service for the glory of his name!



The Revd Professor
Mark J. Cartledge
Principal

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



At A Glance

Income & Expenditure

Year ended 31 August

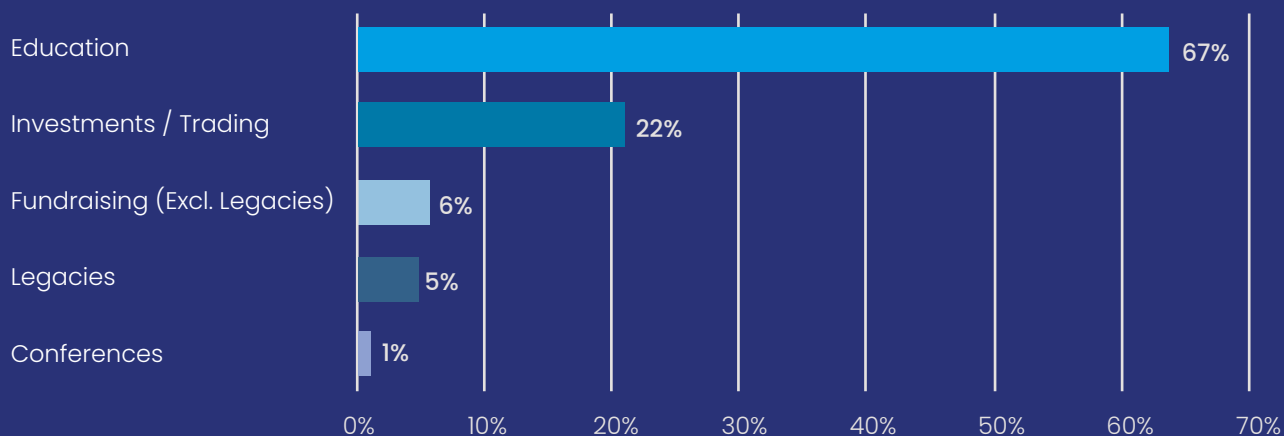
	2021 £'000	2020 £'000
Income	3,602	3,627
Expenditure	(3,757)	(3,594)
Net (losses) / income	(155)	33
Investment gains / (losses)	1,607	(57)
Pension scheme gains / (losses)	928	(80)
Net movement in funds	2,380	(104)

Balance Sheet

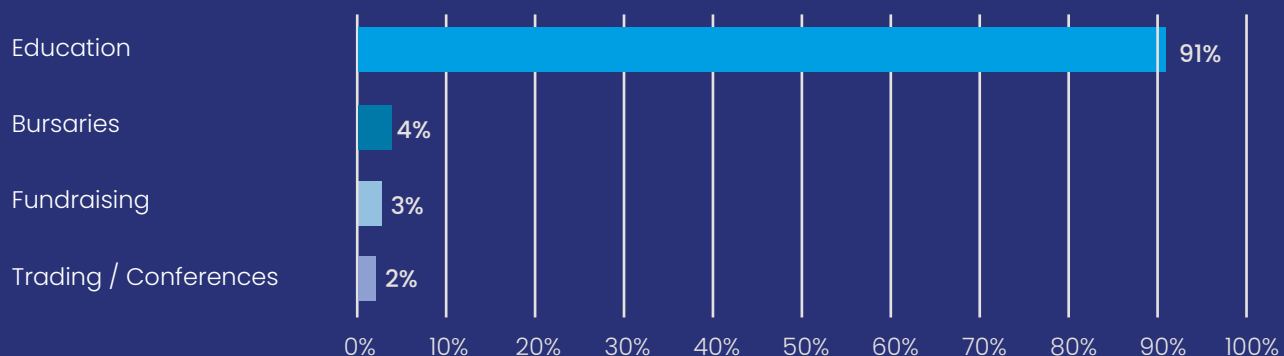
Balance at 31 August

	2021 £'000	2020 £'000
Tangible assets	1,906	2,071
Investments	10,152	8,594
Net current assets	915	1,371
	12,973	12,036
Creditors > than 1 year	0	(4)
Pension scheme asset / (liability)	427	(1,012)
Net assets	13,400	11,020

Our Income



Our Expenditure



What We Achieved

London School of Theology graduated 63 undergraduate level qualifications

London School of Theology graduated 63 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 20 postgraduate qualifications

London School of Theology graduated 20 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 5 research qualifications

London School of Theology graduated 5 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.

Plans for 2021-2022

The priority for the new academic year was twofold. For new on-campus / blended students it was to start the year with a full provision of face to face teaching and the complete offering of all on-campus activities. For returning students, it was to quickly assess their progress and ensure there was a clear pathway in place to progress to the next level. For some this was immediate, but for others, who had chosen to defer assessments from one or both semesters, this could mean they were not able to progress for another year, once all of these assignments have been completed and passed. The development of the new five-year strategy which commenced last year but had been paused due to the challenges presented by the pandemic, picked up pace over the summer and will be presented to the January 2022 Board of Trustees and once approved, preparation will begin in earnest for its implementation starting in the 2022/23 academic year.

The immediate priorities set for the year ahead have been agreed as follows:

- Continue to manage our way through Covid and its impact
- Begin to implement the new five-year plan
- Meet agreed financial targets
- Take concrete steps to improve our NSS scores
- Address organisational resource management challenges
- Meet agreed student recruitment targets

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

Covid restrictions permitting, 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 teach and preach in local churches across the country and around the world. When the campus is open, 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 7,500 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. We are confident that our Alumni website <https://alumni.lst.ac.uk> will be instrumental in facilitating this still further.

What Our Students Say

London School
of Theology has
challenged me, let me
safely ask questions
and develop answers
I had never previously
considered, and helped
me affirm my vocation
in academia.



Jacob Hussain – Student



When I came to the London School of Theology, I was largely unsure of who I was, and where my faith was leading me in future years. Since coming here, and through the fantastic guidance of many lecturers and friends, I have both found myself and where my calling lies. This place has challenged me, let me safely ask questions and develop answers I had never previously considered, and helped me affirm my vocation in academia.

The theology course allowed me to delve into a wide plethora of ideas and fields of study, and during my time here I have encountered students with a variety of beliefs and practices, which has stretched my own beliefs and ability to communicate effectively with different types of people. I was anxious as to how my primary interest in philosophy was going to mix into my studies here, but the openness of the course and the passions and knowledge of the lecturers allowed me to play into my strengths and interests, and pursue the fields of study that I feel particularly called into. My time here has been highly formative, challenging, and has grown me as an academic, a theologian, and as a person, and the lessons I have learnt here will be absolutely instrumental throughout all the ventures I go into in my future.

What Our Students Say



Manuela Mai – Theology & Worship Graduate



My time studying Theology & Worship at London School of Theology has been truly life changing. I have fallen in love with God and his word in a new and fresh way. When I started, I didn't know what it would lead to. I enrolled with the hope that it would be a helpful tool in my worship ministry at my church, but when I graduated, I had a very strong sense of excitement that I was about to step into God's plan for my life.

The unique combination of academic studies and the focus on worshipping the one true living God, is what gives LST its unique characteristic. My mind has been stretched and provoked, and I've discovered my joy in worshipping God with my mind. My faith has grown to higher level, but always remaining firmly planted on unshakable ground.

LST has been influential in my life in so many ways but what I take away more than anything is how I've learnt to worship God with all my mind, my body, soul, and strength. A whole life devoted to discovering more of God, to serving and worshipping him more and more, is where I find my joy.

Ruth Bainbridge – Theology & Worship Graduate

Studying at London School of Theology has provided me with the chance to develop my critical thinking and essay writing skills as well as ponder the deep mysteries of the Christian faith and explore the vast realm of theological thought in the LST Library, lecture rooms and in discussions around the dining room table.

As well as the high academic standards, one thing that I believe sets LST apart from other institutions is the sense of community. Living onsite was a wonderful experience for me - having delicious meals provided and eating with both students and lecturers was a special time of togetherness and friendship.



Year ended 31 August 2021

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 2021

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 2021.

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 and the Companies Act 2006. The accounting policies are listed in Note 2 to the accounts.

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	
Mrs Margaret Doyle+	Vice-Chair of the Board	AAC member until 01/21
Prof Hugh Williamson+	Chair of the AAC	Until 01/21
Prof Peter Oakes+	Chair of the AAC	From 02/21
Mr Ian Thompson*	Chair of the F&GP	
Revd Johnny Douglas		
Canon Yemi Adedeji		Until 10/21
Mr Paul Smith*		
Rt Revd Graham Cray		
Mrs Kate Meathrel		
Mrs Susan Stapleford*		Until 10/21
Revd Dr Jenni Williams		AAC member from 06/21

Attendees and Representatives

The following attended meetings of the Board of Governors:

Name	Position	Note
Revd Prof Mark Cartledge	Principal	
Prof Graham Twelftree *+	Academic Dean	Until 09/21
Dr Cornelis Bennema *+	Academic Dean	From 10/21
Revd Kate Douglas*+	Academic Secretary, Director of Academic Support	
Mr Jonathan Mead*	Director of Finance and Administration Company Secretary	
Dr John Dennis+	Faculty Representative	Until 09/21
Dr Graham McFarlane+	Faculty Representative	
Mr Adam Freeth Wright	Staff Representative	Until 01/21
Ms Clare Miller	Staff Representative	
Mrs Ruth Dowsett	Staff Representative	From 06/21

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

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

continued overleaf >>

Year ended 31 August 2021

Governance and management of the charity (continued)

Attendees and Representatives

The following attended meetings of the Board of Governors:

Name	Position	Note
Miss Sophie La Bouchardiere	Student Body President	Until 04/21
Mr Philip Hyde	Student Body Male Vice-President	Until 04/21
Mr Jude King	Student Body President	From 04/21
Miss Esther Watts	Student Body Female Vice-President	From 04/21

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. The Charity arranges suitable training for all trustees includes regular safeguarding training. 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.

Senior Employees

Serving as the School's Executive Team during the year 2020/21:

Revd Prof Mark Cartledge	Principal
Dr Cornelis Bennema	Academic Dean (from 10/21)
Prof Graham Twelftree	Academic Dean (to 09/21)
Mr Jonathan Mead	Director of Finance and Administration
Revd Kate Douglas	Academic Secretary, Director of Academic Support

The arrangements for setting the remuneration of the senior employees are detailed in note 5.

Statement of Corporate Governance

The Governors confirm that the financial Statements comply with the current statutory requirements and with the requirements of the charity's governing document.

The Board of Governors meets three or four times a year to consider all matters pertaining to the governance of the Charity. The Board of Governors is complimented by both Students, staff and faculty representatives of the School. The main operating sub-committees of the Board also meet three or four times a year and are the Finance & General Purposes Committee (F&GP), which is chaired by Ian Thompson and manages the Charity's fiscal and business affairs under its devolved responsibility from the Board and the Academic Affairs Committee (AAC) chaired by Prof. Peter Oakes. 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 School reviews the terms of reference for all sub-committees of the Board of Governors every two years to ensure the School's governance is to the levels required by the School's status as a HEI.

The School has posted all its policies on matters of public, students and staff interest on the School's website. Please see: <https://lst.ac.uk/our-policies/>

Following the governance review undertaken last year a follow up meeting of the trustees agreed a plan for the next year to pick up on the outstanding items identified.

How the Charity is managed

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.

Internal Control

The governors are responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the members of the Board in the terms and conditions of funding with the Office for Students (OfS).

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

The system of internal control is based on an ongoing process designed to identify the principal risks and to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically.

Year ended 31 August 2021

Governance and management of the charity (continued)

The key elements of the School's system of internal control are as follows:

- Clear definitions of the responsibilities of, and the authority delegated to, the executive team, programme leaders and administrative heads of department;
- Regular reviews of key performance indicators and financial results involving variance analysis reporting and updates to forecasts;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed approval according to levels set by the Board as contained within the expenditure policy;
- The maintenance of a risk register which highlights the key risks facing the School in achieving its objectives;
- The Finance & General Purposes Committee oversees the risk management process and considers changes in the major risks assessed for the School; and
- The Board receives regular reports from the Finance & General Purposes Committee on the effective operation of the system of internal control.

The Board's view of the effectiveness of the system of internal control is informed by the work of the Finance & General Purposes Committee and management who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditor in their management letter and other reports.

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.

These promises are also designed to protect vulnerable people, by ensuring we are not unreasonable or persistent or place undue pressure on any of our prospective donors.

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:

- 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
- Access to means-tested bursaries
- Access to Counselling through the REMA Counselling Service
- The provision of subsidised access to the theological library facilities for academics, students and members of the local Christian Community

Year ended 31 August 2021

Strategic report

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.

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).

Key Objectives and Activities for 2019/20

- Manage our way through the Covid season
- Develop and agree a five-year strategy
- Continue to meet or exceed the financial target of breaking even before depreciation
- Meet student recruitment targets
- Improve retention for all programmes
- Measure organisational health and make any necessary changes. Further develop our Christian community

Measures of Success and Outcomes in 2020/21

- Managing the COVID season was a challenging backdrop to the year but it was very competently handled and feedback from staff and students was as positive as we could have hoped
- The five year strategy is still in progress but should be agreed at the January board meeting
- Financial results for the year were more positive than the agreed budget
- Student recruitment was good but fell below target in line with other similar Colleges in the sector
- Student retention proved difficult with many mature students struggling with the impact of lockdowns on their home and work lives
- Progress is being made in terms of measuring organisational health and actions to follow this up will be built into the forward strategy

Future Objectives and Activities for 2021/22

- Continue to manage our way through Covid and its impact
- Begin to implement the new five-year plan
- Meet agreed financial targets
- Take concrete steps to improve our NSS scores
- Address organisational resource management challenges
- Meet agreed recruitment targets

Year ended 31 August 2021

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, the European Evangelical Accrediting Agency and the British Association for Counselling and Psychotherapy (BACP).

Risk Management Statement

The Charity's risk management strategy continues to be reviewed to identify the potential risks that could materially impact the Charity. The 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 identified risks on an on-going basis. The key risks facing the School are currently seen as Covid – the uncertainty this brings around educational delivery, student progression and retention and general student recruitment; compliance – failure to meet all of the third-party requirements (Educational, GDPR and Health and Safety related); and financial, the impact a decline in student numbers resulting from a failure to recruit or retain sufficient students or raise adequate 3rd party funding or investment returns, might have on our ability to meet the budgeted income targets for the year. Actions to address these risks include for Covid planning for all possible eventualities and closely monitoring our students well-being and academic progress and stepping in with additional support where possible; compliance, continuing to develop the Student Information System so it can deliver timely and accurate data. Regarding student retention and progression, we have engaged the Academic Board to look at the issues impacting this so they can be addressed and for student recruitment generally, we have appointed an admissions officer to ensure all potential applicants are promptly followed up. Regarding the investments, the F&GP Committee reviews the investments and their performance on a quarterly basis, the portfolio is actively monitored by its investment fund managers who are invited to attend the F&GP or Board meeting once a year to discuss the market outlook and their investment approach for the year ahead to ensure they are on track to reach the required returns.

The purchase of appropriate insurance products is also used to protect the Charity's assets and operations.

The Covid-19 pandemic had a significant impact on the School for the second year running. The School re-opened at the beginning of the academic year adopting all the recommended Covid safeguards including one way systems, social distancing, reducing class sizes and setting up an inhouse testing centre. Most classes were also run in hybrid so those not wishing to come onto site or having to self-isolate, could attend their classes online. The Covid Response team continued meeting weekly to monitor developments, whilst the Covid marshal and an enhanced housekeeping team focused their attention on monitoring compliance with the guidelines and maintaining cleanliness of the 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

Covid-19 has impacted most areas of the School for a second year, with the finances being just one of them. We did all we could to resume face to face teaching from the beginning of the new academic year although understandably some students preferred to stay away and continue to attend lectures online. This delivery of classes in hybrid mode proved more challenging than being fully online and meant we had to incur all the costs of running the site but with fewer students in residential accommodation. Not knowing when and if we would return to full lockdown made financial planning very difficult and impacted staff and students alike. When full lockdown did return in the new year, we again placed some of our staff on furlough although not as many and not for so long as the initial period of lockdown. Donations held up well during the year, coming in above budget and helped to offset a shortfall against budget in both accommodation charges, resulting from fewer students wanting to live onsite and the accommodation refunds to students for the period of lock down and conference income, with the majority of our conferences again cancelled due to Covid concerns. Overall however total income came in on budget and our costs, despite being higher than the previous year, still came in below budget, so we ended with an operating deficit of £154k but then with investments and pension fund gains, we ended strongly with a net movement in funds of £2.38m.

Reserves

The total Unrestricted Funds amount to £10.7m (2020: £10.1m) before accounting for the pensions reserve surplus of £427k (2020 deficit: £1,012k). Included in these funds are £7.7m of designated income investments and functional fixed assets valued at £1.9m. Free reserves thus stand in surplus by £1.5m (2020: £637k).

This level of free reserve exceeds the 20% target of annual unrestricted Funds expenditure. This level of free reserves gives the trustees confidence that the School remains a going concern.

The value and purposes of the School's various restricted funds are set out in note 13.3. 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 £1,558k to £10,152k (2020: decrease of £627k). Of this investment total £8.23m was invested with JM Finn investment managers with the balance in BlackRock Charities UK Equities and Bond Funds.

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. The school operates an Ethical investment policy which is based largely on the Church of England policy, to ensure 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 marginally from £3,628k to £3,602k (2020: increased from £3,359k to £3,628k). Expenditure in total increased from £3,594k to £3,757k due to the campus being shut for a shorter period in this second year impacted by the Covid-19 pandemic. With income remaining flat, partially due to further residential income being refunded and costs creeping back up to more normal levels, along with the additional costs incurred to counter the ongoing infection risks, resulted in an operational loss of £155k (2020: operational profit of £33k).

Year ended 31 August 2021

The finances of the charity (continued)

Investment values rebounded however leading to investments gains in the year of £1.6m (2020: loss of £57k).

Similarly improved investment performance and additional contributions into the fund by the school of £522k during the year, led to pension fund moving from a deficit of £1,012k to a surplus of £427k.

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

Future Plans

The delivery of a first class education to our students continues to be our principle aim. At the beginning of the new academic year we returned to full face to face delivery for all on campus and blended students. With Covid still a real threat we continued with our requirement for all students wishing to come on site to take twice weekly lateral flow tests and report the results to us, so we could monitor compliance. Having learnt how to deliver education fully on-line and in a Blended manner over the last two years, we feel confident despite the continued uncertainties, most recently with the Omicron variant, that we can quickly adapt to whatever restrictions are imposed upon us for the rest of the year. We have to date had only a handful of Covid cases among our students and have established a robust system of students reporting when they have received a positive result and helping us immediately track their close contacts, who we then require to take a PCR test and self-isolate until their results come through. This has been successful to date in preventing the virus spread beyond the initial student involved. We are acutely aware of the extra pressures all of this uncertainty places on our students and we do whatever we can to try and monitor their well-being by asking our lecturers, tutor group leaders and support staff to feed back any concerns they have, so these can be quickly followed up by our excellent pastoral team.

Independent Auditors

A resolution was made at the AGM in 2021 to reappoint Haysmacintyre LLP as auditors to the Charity. This appointment and the auditor's remuneration will be reviewed again at the AGM in 2022.

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.

This Governors' Report, which incorporates the Strategic Report, was signed on behalf of the Board of Governors in their capacity as the Company Directors by:

Steve Hughes
Chairman
26th January 2022

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 2021 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 2021 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.

Conclusions relating to going concern

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

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

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

Year ended 31 August 2021

Independent report of the Auditor's to the Members and Trustees of LST (continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

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 Trustees' 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 included within the Trustees' 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 Trustees' Report (which incorporates 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.

Other matters prescribed by the Office for Students

We have nothing to report in respect of the following matters in relation to which the Office for Students ('OfS') requires us to report to you in Regulatory advice 9: Accounts direction if, in our opinion in all material respects:

- Where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- Where applicable, funds provided by OfS, UK Research and Innovation (including Research England) the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions;

- The requirements of OfS's accounts direction have been met which would require us to report if:
 - The providers' grant and fee income, as disclosed in the financial statements, has been materially misstated;
 - The providers' expenditure on access and participation activities for the financial year has been materially misstated.

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.

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.

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to regulations prescribed by the Office for Students, employment law, safeguarding regulations and Company and Charity law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Charities Act 2011, OfS Accounts Direction and the Higher Education SORP.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to discount rate applied to interest free loans. Audit procedures performed by the engagement team included:

- Inspecting minutes of Trustees' meetings;
- Inspecting correspondence with regulators and tax authorities;

Year ended 31 August 2021

Independent report of the Auditor's to the Members and Trustees of LST (continued)

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates. These related to the useful lives of fixed assets, valuation of the pension scheme asset/ (liability) and the bad debts provision.

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

Use of our report

This report is made solely to the 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
28th January 2022



Statement of Financial Activities

Year ended 31 August 2021

		Unrestricted Funds	Restricted Funds	Endowment	Total 2021	Total 2020
		£	£	£	£	£
	Notes					
Income From						
Donations and legacies		245,737	137,305	-	383,042	319,249
Charitable activities						
Education	3	2,856,523	-	-	2,856,523	2,887,241
Conferences		-	-	-	-	3,530
Investments		199,688	57,017	-	256,705	286,975
Trading income		43,855	-	-	43,855	24,863
Other income		62,240	-	-	62,240	105,665
Total Income		<u>3,408,043</u>	<u>194,322</u>	<u>-</u>	<u>3,602,365</u>	<u>3,627,523</u>
Expenditure On						
Raising Funds						
Investment manager fee		40,482	-	-	40,482	39,939
Trading expenses		48,773	-	-	48,773	45,906
Fundraising costs		59,871	-	-	59,871	55,082
Charitable activities						
Education		3,455,658	113,736	-	3,569,394	3,418,444
Conferences		38,389	-	-	38,389	34,950
Total Expenditure	4	<u>3,643,173</u>	<u>113,736</u>	<u>-</u>	<u>3,756,909</u>	<u>3,594,321</u>
Net expenditure before transfers		(235,130)	80,586	-	(154,544)	33,202
Investment gains/(losses)		<u>1,323,681</u>	<u>240,570</u>	<u>42,471</u>	<u>1,606,722</u>	<u>(56,985)</u>
Net income/ (expenditure)		<u>1,088,551</u>	<u>321,156</u>	<u>42,471</u>	<u>1,452,178</u>	<u>(23,783)</u>
Defined benefit pension scheme						
(losses)/gains		<u>928,000</u>	<u>-</u>	<u>-</u>	<u>928,000</u>	<u>(80,000)</u>
Net movement in funds		<u>2,016,551</u>	<u>321,156</u>	<u>42,471</u>	<u>2,380,178</u>	<u>(103,783)</u>
Balance brought forward at 1 September 2020		<u>9,088,106</u>	<u>1,685,967</u>	<u>246,297</u>	<u>11,020,370</u>	<u>11,124,153</u>
Balance carried forward at 31 August 2021		<u>11,104,657</u>	<u>2,007,123</u>	<u>288,768</u>	<u>13,400,548</u>	<u>11,020,370</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 2021

			2021		2020
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7	1,905,782		2,071,084	
Investments	8	<u>10,152,071</u>		<u>8,593,927</u>	
			12,057,853		10,665,011
Current Assets					
Stocks	9	19,889		14,772	
Debtors	10	156,873		154,958	
Cash at bank and in hand		<u>1,283,556</u>		<u>1,843,491</u>	
		1,460,318		2,013,221	
Current Liabilities					
Creditors: within one year	11	<u>(544,623)</u>		<u>(641,883)</u>	
Net Current Assets			915,695		1,371,338
Total assets less current liabilities			12,973,548		12,036,349
Creditors: Amounts falling due after more than one year	12		-		(3,979)
Pension scheme liability			<u>427,000</u>		<u>(1,012,000)</u>
Net Assets After Pension Scheme Liabilities			<u>13,400,548</u>		<u>11,020,370</u>
Funds					
Unrestricted	13	10,677,657		10,100,106	
Restricted	13	2,007,123		1,685,967	
Endowment	13	<u>288,768</u>		<u>246,297</u>	
Funds (excluding pension scheme reserve)			<u>12,973,548</u>		<u>12,032,370</u>
Unrestricted pension reserve (deficit)			427,000		(1,012,000)
			<u>13,400,548</u>		<u>11,020,370</u>

The financial statements were approved and authorised for issue by the Board on 26th January 2022 and were signed on its behalf by:

Mr Steve Hughes
Chairman

Revd Prof Mark Cartledge
Principal



Cash Flow Statement

Year ended 31 August 2021

	2021		2020	
	£	£	£	£
Reconciliation of changes in resources to net cash inflow from operating activities				
Net (outgoing) / incoming resources for the year		(154,544)		33,202
Depreciation charged	210,615		236,217	
(Increase) in stocks	(5,117)		(1,395)	
(Increase) / Decrease in debtors	(1,915)		90,426	
(Decrease) / Increase in creditors	(101,239)		15,157	
(Decrease) / Increase in pension scheme deficit net of actuarial gains and losses	(511,000)		14,000	
Less investment income	(256,705)		(286,975)	
		(665,361)		67,430
Net cash flow from operating activities		(819,905)		100,632
Investing activities				
Investment income	256,705		286,975	
Additions to investments	(671,156)		(1,043,489)	
Sale of investments	719,734		1,613,416	
Purchase of tangible fixed assets	(45,313)		(22,773)	
		259,970		834,129
(Decrease) / Increase in cash in the year		(559,935)		934,761
Cash and cash equivalents at the beginning of the year		1,843,491		908,730
Cash and cash equivalents at the end of the year		1,283,556		1,843,491
Cash and cash equivalents comprise:				
Cash at bank		1,283,556		1,843,491
		1,283,556		1,843,491

Notes to the Financial Statements

Year ended 31 August 2021

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 for Charities (SORP 2015) (Second Edition, effective 1 January 2019), 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 2020.

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 consider that there are no material uncertainties regarding the charity's ability to continue as a going concern. As part of this review specific consideration has been given to the possible impact Covid 19 might have on the School, its finances, cashflow as well as the potential risks and how these could be mitigated. 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 receivables are credited to the Statement of Financial Activities only to the extent that the 3 principles of entitlement, probability and measurability can be applied.

(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%

(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 16. 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 receive it.

2. Accounting Policies (continued)

(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.

(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 preparation of the organisation's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that

are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The governors consider there to be the following key sources of estimation uncertainty and judgement are the useful lives of fixed assets, valuation of the pension scheme asset/(liability) and the bad debts provision.

3. Grant and Fee Income

	2021 £	2020 £
Grant income from the Office for Students	114,750	63,644
Fee income from taught awards	2,255,150	2,258,557
Fee income from non-qualifying courses	7,814	52,102
Other Educational and related income	478,809	512,938
	<u>2,856,523</u>	<u>2,887,241</u>

4. Expenditure

	Raising Funds £	Charitable Activities £	Total £
Year Ended 31st August 2021			
Direct costs	48,319	548,634	596,953
Staff costs	86,124	2,109,189	2,195,313
Depreciation	4,212	206,403	210,615
Bursaries and prizes	-	113,736	113,736
Support and governance costs	10,471	629,821	640,292
	<u>149,126</u>	<u>3,607,783</u>	<u>3,756,909</u>

	Raising Funds £	Charitable Activities £	Total £
Year Ended 31st August 2020			
Direct costs	46,973	596,256	643,229
Staff costs	81,027	1,978,282	2,059,309
Depreciation	4,725	231,492	236,217
Bursaries and prizes	-	158,665	158,665
Support and governance costs	8,202	488,699	496,901
	<u>140,927</u>	<u>3,453,394</u>	<u>3,594,321</u>

Included in expenditure are the following:

The auditor's remuneration during the year amounted to £12,300 for audit services (2020: £11,650) and £nil for other services (2020: £nil).

Hire of plant (operating leases) which amounted to £8,364 (2020: £20,624).

5. Staff Costs

	2021 £	2020 £
Wages and salaries	1,849,651	1,730,790
Social security costs	163,799	152,138
Pension contributions	103,943	103,224
Other pension costs	77,920	61,907
Termination payments	-	11,250
	<u>2,195,313</u>	<u>2,059,309</u>

One member of the London School of Theology, who is a trustee and director for the purposes of the Companies Act, Revd Johnny Douglas received £620 for facilitating a tutor group during the year. In 2020, one member of the London School of Theology, who is a trustee and director for the purposes of the Companies Act, Alex Irving received £6,910 for writing lecture materials. One trustee (2020: 2) received reimbursement of their travel expenses totalling £81 (2020: £589) during the year. There were no other related party transactions during the year.

	2021 No.	2020 No.
The average number of employees by function was:		
Education	67	62
Fund-raising and publicity	3	3
Ancillary to main function of education	1	1
	<u>71</u>	<u>66</u>

One employee earned between £70,000 and £80,000 during the year, no other employees earned more than £60,000 (2020: one employee earned between £60,000 and £70,000). Key management personnel remuneration for the period (salaries, taxable benefits and employers pension contributions) totalled £290,000 (2020: £258,000)

Mark Cartledge was principal for the year. He was paid £75k plus pension contributions. The principal's base salary and gross salary including pension contributions are 2.5 times the median pay of all other employees (on a FTE basis).

In 2020 Graham Twelftree filled the role of acting principal for 4 months and Mark Cartledge the role of principal for 8 months. Both were paid the monthly prorate amount of £75k p.a. plus pension contributions whilst in post. Graham received £25,000 base salary plus £1,250 pension contributions and Mark £50,000 plus £1,562 respectively. Both the principal's base salary and gross salary including pension contributions are 2.5 times the median pay of all other employees (on a FTE basis).

When making changes to the salaries of senior staff, the School takes account of:

- Sustained performance and contribution during the preceding year(s).
- Any material changes in roles and responsibilities since the previous review period.
- The percentage increase in salary awarded to staff
- The overall affordability of any proposed increases to senior salaries, taking account both of the School's financial performance and the need to offer salaries that compare favourably with competitor institutions.

The School will review and moderate the pattern of increases across its senior staff in order to ensure fairness and consistency.

Specifically regarding the principal's remuneration, this is set by the chair and vice chair of trustees taking in to account his or her performance in meeting the goals set as part of the annual appraisal process. The current salary has remained unchanged for a number of years, but with the change of principals during the year and therefore the limited timeframe in which to meet any goals set, no change was considered appropriate.

The current level of remuneration at 2.5 (2020: 2.5) times the medium salary of all other staff is considered relatively low, for the level of responsibility held by the post holder, the breadth of courses offered by the School and the significant changes he has had to manage in recent years, including most recently successfully registering with the OFS and increasing the annual number of students recruited.

6. Access and Participation

	2021		2020	
	Actuals £	Per Plan £	Actuals £	Per Plan £
Access investment	56,010	50,000	49,219	27,500
Financial support	130,402	145,000	199,277	235,000
Research and evaluation	23,475	11,250	-	-
Success investment	-	-	63,634	76,250
Progression investment	-	-	32,115	11,250
	<u>209,887</u>	<u>206,250</u>	<u>344,245</u>	<u>350,000</u>
Staff costs included in the above	47,217		126,454	

The School's Access and Participation Plan can be found at: <https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#/AccessPlans/accessplans/10004075>

7. Fixed Assets

	Freehold and leasehold property £	Motor Vehicles £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2020	1,287,768	3,676	2,307,920	3,599,364
Additions	-	-	45,313	45,313
At 31 August 2021	<u>1,287,768</u>	<u>3,676</u>	<u>2,353,233</u>	<u>3,644,677</u>
Depreciation				
At 1 September 2020	391,903	3,676	1,132,701	1,528,280
Charge for the year	<u>20,719</u>	<u>-</u>	<u>189,896</u>	<u>210,615</u>
At 31 August 2021	<u>412,622</u>	<u>3,676</u>	<u>1,322,597</u>	<u>1,738,895</u>
Net Book Value				
At 31 August 2021	<u>875,146</u>	<u>-</u>	<u>1,030,636</u>	<u>1,905,782</u>
At 31 August 2020	<u>895,865</u>	<u>-</u>	<u>1,175,219</u>	<u>2,071,084</u>

8. Fixed Assets Investments

	2021 £	2020 £
Market value at 1 September 2020	8,593,927	9,220,839
New funds placed and invested in year	-	-
Additional investments purchased	663,783	1,043,489
Disposals at market value	(719,734)	(1,613,416)
Investment income reinvested in the period / movement in cash balances	7,373	-
Revaluation in the year	1,606,722	(56,985)
Market value at 31 August 2021	10,152,071	8,593,927
Cost of investments	7,276,421	7,276,421

The School's investments comprise historical holdings of BlackRock Charities UK Equity and Bond units, managed by BlackRock Life Limited, with a total value as at 31 August 2021 of £1,924,443 and mixed portfolio of listed investments managed by JM Finn & Co., with a total value as at 31 August 2021 of £8,227,628.

9. Stocks

	2021 £	2020 £
Catering and other sundry stocks	19,889	14,772

10. Debtors

	2021 £	2020 £
Fee debtors	52,611	65,632
Other debtors	955	3,978
Prepayments	103,307	85,348
	156,873	154,958

11. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	121,299	184,076
Deferred income – payments received on account	175,481	168,152
Social security costs	39,858	36,511
Pension scheme contributions	14,894	14,176
Other creditors	25,399	80,732
Accruals	167,692	158,236
	544,623	641,883

Deferred income comprises:

	Balance at 1 September 2020	Receipts in the year	Credited to income in the year	Balance at 31 August 2021
Fees in advance	146,815	168,559	(169,596)	145,778
Open learning fees	21,337	29,703	(21,337)	29,703
	<u>168,152</u>	<u>198,262</u>	<u>(190,933)</u>	<u>175,481</u>

12. Creditors: amounts falling due after one year

	2021 £	2020 £
Finance lease falling due 1-2 years	-	3,979
	<u>-</u>	<u>3,979</u>

13. General and Special Funds

	Balance at 1 September 2020 £	Income £	Gains/(Losses) £	Balance at 31 August 2021 £
13.1 Endowment Funds				
Montague Goodman Bursary	99,853	-	17,219	117,072
Jomac Hennell Bursary	32,083	-	5,532	37,615
Sir John Laing Memorial	100,226	-	17,283	117,509
Sir John Laing Lecture	14,135	-	2,437	16,572
	<u>246,297</u>	<u>-</u>	<u>42,471</u>	<u>288,768</u>

	Balance at 1 September 2019 £	Income £	Gains/(Losses) £	Balance at 31 August 2020 £
Montague Goodman Bursary	111,166	-	(11,313)	99,853
Jomac Hennell Bursary	35,718	-	(3,635)	32,083
Sir John Laing Memorial	111,582	-	(11,356)	100,226
Sir John Laing Lecture	15,736	-	(1,601)	14,135
	<u>274,202</u>	<u>-</u>	<u>(27,905)</u>	<u>246,297</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.

13. General and Special Funds (continued)

	Balance at 1 September 2020	Income	Expenditure/ Fund transfers	Gains	Balance at 31 August 2021
13.2 Unrestricted Funds	£	£	£	£	£
General fund	3,720,284	3,408,043	(4,154,173)	-	2,974,154
Designated fund	6,379,822	-	-	1,323,681	7,703,503
Pensions reserve	(1,012,000)	-	511,000	928,000	427,000
	<u>9,088,106</u>	<u>3,408,043</u>	<u>(3,643,173)</u>	<u>2,251,681</u>	<u>11,104,657</u>
	Balance at 1 September 2019	Income	Expenditure/ Fund transfers	Gains/ (Losses)	Balance at 31 August 2020
	£	£	£	£	£
General fund	3,665,733	3,476,207	(3,421,656)	-	3,720,284
Designated fund	6,250,840	-	-	128,982	6,379,822
Pensions reserve	(918,000)	-	(14,000)	(80,000)	(1,012,000)
	<u>8,998,573</u>	<u>3,476,207</u>	<u>(3,435,656)</u>	<u>48,982</u>	<u>9,088,106</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.

	Balance at 1 September 2020	Income	Expenditure	Gains	Balance at 31 August 2021	Purpose of fund
13.3 Restricted Funds	£	£	£	£	£	
Henman Memorial Bursary	476,579	15,904	-	75,626	568,109	For student bursaries
Student Grant Bursary	824,023	25,139	-	130,758	979,920	For student bursaries
Graham Scholarship	136,180	4,541	-	21,609	162,330	For student bursaries
Mary Fisher Memorial	33,270	1,109	(200)	5,279	39,458	For student bursaries
Laing Scholarship	-	12,000	(10,418)	-	1,582	For research student scholarship
Student Wives Bursary	43,153	1,670	-	6,847	51,670	For study support for Students' spouses
Music and Worship Bursary	204	854	-	-	1,058	For bursaries to music and worship students
Students in Need Fund	28,703	23,879	(31,023)	-	21,559	For students in need
Reading Prize Fund	184	-	(184)	-	-	For annual prizes
Sir Eric Richardson Prize	373	13	(200)	59	245	For annual prizes
Griffiths Prize	2,473	83	(200)	392	2,748	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	551	975	(968)	-	558	For the purchase of books
Maranatha Trust Scholarship	22,000	-	(22,000)	-	-	For overseas students to study for 1 year on site
Beacon Trust	5,102	3,000	-	-	8,102	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	6,688	-	-	-	6,688	For funding an evangelist in residence
Vaux sur Seine	2,224	-	-	-	2,224	For the translation of open learning resources into French
Building Development Fund	-	1,222	(1,222)	-	-	For School development projects
Alumni Fund	22,176	46	(5,425)	-	16,797	For LST alumni events
Alumni Bursary Fund	4,418	-	(3,295)	-	1,123	For student bursaries
Hebrew Prize	520	-	-	-	520	For high attainment in Hebrew language studies
ECLAS Science for Seminaries	-	60,000	(4,086)	-	55,914	For the advancement of Science-engaged theology
Other restricted funds	23,677	35,330	(34,515)	-	24,492	For various restricted purposes
Endowment Income Accounts						
Montague Goodman Bursary	19,695	3,469	-	-	23,164	For student bursaries
Jomac Hennell Bursary	8,289	1,115	-	-	9,404	For student bursaries
Sir John Laing Memorial	21,049	3,482	-	-	24,531	For student bursaries
Sir John Laing Lecture	(2,294)	491	-	-	(1,803)	For the annual memorial lecture
Total	1,685,967	194,322	(113,736)	240,570	2,007,123	

13. General and Special Funds (continued)

	Balance at 1 September 2019	Income	Expenditure	Losses	Balance at 31 August 2020	Purpose of fund
	£	£	£	£	£	
13.3 Restricted Funds						
Henman Memorial Bursary	509,848	16,114	-	(49,383)	476,579	For student bursaries
Student Grant Bursary	884,083	25,570	-	(85,630)	824,023	For student bursaries
Graham Scholarship	145,690	4,601	-	(14,111)	136,180	For student bursaries
Mary Fisher Memorial	35,595	1,123	-	(3,448)	33,270	For student bursaries
Laing Scholarship	-	12,000	(12,000)	-	-	For research student scholarship
Jerusalem Trust	-	1,500	(1,500)	-	-	For online education
Student Wives Bursary	53,644	1,693	(6,988)	(5,196)	43,153	For study support for Students' spouses
Music and Worship Bursary	10,785	1,254	(11,835)	-	204	For bursaries to music and worship students
Students in Need Fund	23,981	42,912	(38,190)	-	28,703	For students in need
Reading Prize Fund	184	-	-	-	184	For annual prizes
Sir Eric Richardson Prize	394	17	-	(38)	373	For annual prizes
Griffiths Prize	2,646	83	-	(256)	2,473	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	450	500	(399)	-	551	For the purchase of books
Maranatha Trust Scholarship	40,000	-	(18,000)	-	22,000	For overseas students to study for 1 year on site
Student Information System grant	6,912	-	(6,912)	-	-	To help cover the cost of implementing new SIS
Beacon Trust	6,000	4,000	(4,898)	-	5,102	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	7,968	-	(1,280)	-	6,688	For funding an evangelist in residence
Vaux sur Seine	5,224	-	(3,000)	-	2,224	For the translation of open learning resources into French
Building Development Fund	-	1,310	(1,310)	-	-	For School development projects
Alumni Fund	22,645	344	(813)	-	22,176	For LST alumni events
Alumni Bursary Fund	25,581	-	(21,163)	-	4,418	For student bursaries
Hebrew Prize	520	-	-	-	520	For high attainment in Hebrew language studies
Other restricted funds	24,427	29,627	(30,377)	-	23,677	For various restricted purposes
Endowment Income Accounts						
Montague Goodman Bursary	16,181	3,514	-	-	19,695	For student bursaries
Jomac Hennell Bursary	7,159	1,130	-	-	8,289	For student bursaries
Sir John Laing Memorial	17,522	3,527	-	-	21,049	For student bursaries
Sir John Laing Lecture	(2,791)	497	-	-	(2,294)	For the annual memorial lecture
Total	1,851,378	151,316	(158,665)	(158,062)	1,685,967	

14. Analysis of Net Assets Between Funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund balances at 31 August 2021				
Represented by:				
Tangible fixed assets	1,905,782	-	-	1,905,782
Investments	8,227,628	1,635,675	288,768	10,152,071
Current assets	1,088,870	371,448	-	1,460,318
Current liabilities	(544,623)	-	-	(544,623)
	10,677,657	2,007,123	288,768	12,973,548
Pension Scheme liabilities	427,000	-	-	427,000
	11,104,657	2,007,123	288,768	13,400,548

15. Corporation Tax

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

16. 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 £103,943 (2020: £103,244). At 31st August there were £14,894 of outstanding contributions (2020: £14,176) 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.

16. 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 £nil (2020: £36,000) 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 surplus of £427,000 plus the non-scheme provision of £nil results in a reserve surplus of £427,000.

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

	2021 £000's	2020 £000's
Scheme assets at year end	6,497	5,411
Present value of funded obligations obligation	(6,070)	(6,387)
	<u>427</u>	<u>(976)</u>
Actuarial (gains) / losses comprise:		
(Gain) on scheme assets in excess of interest	(728)	(89)
(Gain) / Loss from change in assumptions	(11)	169
Experience (gains) on liabilities	(153)	-
	<u>(892)</u>	<u>80</u>
Analysis of amounts charged to activity costs categories:		
	2021 £000's	2020 £000's
Bank and other interest / (other finance charges)		
Interest on scheme assets	(89)	(96)
Interest cost	100	112
	<u>11</u>	<u>16</u>



Change in scheme liabilities

	2021 £000's	2020 £000's
Beginning balance	(6,387)	(6,327)
Interest cost	(100)	(112)
(Losses) from changes in actuarial assumptions	(140)	(169)
Experience gains on liabilities	153	-
Changes in demographic assumptions	151	-
Benefits paid	253	221
Closing balance	(6,070)	(6,387)

Change in scheme assets

Beginning balance	5,411	5,447
Interest on scheme assets	89	96
Return on assets in less interest	728	89
Contributions by employer	522	-
Benefits paid	(253)	(221)
Closing balance	6,497	5,411

The major categories of the scheme assets are as follows:

	31 August 2021		31 August 2020	
	% of assets	Fund value £000s	% of assets	Fund value £000s
Equities and other growth assets	43%	2,786	44%	2,357
Bonds and cash	57%	3,711	56%	3,054
Total assets at end of year		6,497		5,411
			2021 £000s	2020 £000s
Actual return on scheme assets			817	185

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 2021, updated to the review date allowing for cashflows in and out of the scheme and using the following assumptions:

16. Pension Commitments (continued)

Actual assumptions used:	2021 %	2020 %
Discount rate	1.55%	1.6%
Rate of increase in pensions in payment	3.55%	3.35%
Rate of RPI price inflation	3.6%	3.4%
Rate of CPI price inflation	2.6%	2.4%
Post – retirement mortality	110% S3PMA/ 105% S3PFA CMI 2020 [1%]	110% S2PA/ 105% S2PFA CMI 2017 [1%]

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

Sensitivity analysis

Impact on the value of liabilities of:

Reduction of 0.1% in the Discount Rate	£81k increase
Increase of 0.1% in inflation assumption	£27k increase
Increase in long-term mortality projection of 1.5%	£110k increase

17. Leasing Commitments

At 31 August 2021, the School was committed to making the minimum lease payments in respect of hire of machinery:

Operating leases which expire:	2021 £	2020 £
Within 1 year	7,814	9,452
Within 2 to 5 years	17,582	25,396
	<u>25,396</u>	<u>34,848</u>

18. Comparative Statement of Financial Activities

	Unrestricted Funds £	Restricted Funds £	Endowment £	Total 2020 £
Income From				
Donations and legacies	225,802	93,447	-	319,249
Charitable activities				
Education	2,887,241	-	-	2,887,241
Conferences	3,530	-	-	3,530
Investments	229,106	57,869	-	286,975
Trading income	24,863	-	-	24,863
Other income	105,665	-	-	105,665
Total Income	<u>3,476,207</u>	<u>151,316</u>	<u>-</u>	<u>3,627,523</u>
Expenditure On				
Raising Funds				
Investment manager fee	39,939	-	-	39,939
Trading expenses	45,906	-	-	45,906
Fundraising costs	55,082	-	-	55,082
Charitable activities				
Education	3,259,779	158,665	-	3,418,444
Conferences	34,950	-	-	34,950
Total Expenditure	<u>3,435,656</u>	<u>158,665</u>	<u>-</u>	<u>3,594,321</u>
Net expenditure before transfers	40,551	(7,349)	-	33,202
Investment gains	128,982	(158,062)	(27,905)	(56,985)
Net (expenditure)/ income	<u>169,533</u>	<u>(165,411)</u>	<u>(27,905)</u>	<u>(23,783)</u>
Defined benefit pension scheme (losses)	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>
Net movement in funds	<u>89,533</u>	<u>(165,411)</u>	<u>(27,905)</u>	<u>(103,783)</u>
Balance brought forward at 1 September 2019	<u>8,998,573</u>	<u>1,851,378</u>	<u>274,202</u>	<u>11,124,153</u>
Balance carried forward at 31 August 2020	<u>9,088,106</u>	<u>1,685,967</u>	<u>246,297</u>	<u>11,020,370</u>

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