



London School of Theology

Report and Financial Accounts

2022

Company Registered No: 381332

Registered Charity No: 312778

Year ended 31 August 2022



Introduction from the Principal

Welcome



It is a pleasure to write this introduction as I come to the end of my third year as Principal of London School of Theology. It is a privilege to serve in this capacity and, despite the challenges of recent years, I see many positive signs of LST continuing to fulfil the original vision of our founders.

It has been good to begin to move past the serious challenges of the Covid-19 pandemic and as an institution we have done very well overall. Sadly, the pandemic brought a 'sting in the tail' with lower student recruitment this year, despite valiant efforts by many of our staff and faculty, especially our Engagement Team. The impact of the cost-of-living crisis continues to be seen and, no doubt, will be with us for the foreseeable future. Despite these challenges, our students enjoy their time with us, produce some outstanding pieces of academic work, and contribute to the Christian community both on campus and online. LST remains a fun place to study theology in the context of a vibrant evangelical spirituality.

We enjoyed a stimulating research conference in April, which again picked up the theme of creation care under the auspices of the Science for Seminaries project. Our graduation in July was truly wonderful, with Emmanuel Church packed with the joyful families and friends of our graduates. In partnership with the British and Foreign Bible Society we hosted a symposium on 'Christianity and the Chinese community in Britain' in October. We also held our annual Laing lecture in November, which was delivered by Dr Monique Ingalls, an ethnomusicologist from Baylor University, on the subject of congregational praise and worship. Recently we enjoyed a Christmas Concert again, which was wonderful and reminded us of what we had missed during the Covid-19 pandemic.

This year marked the end of a re-envisioning process that had begun in September 2020 at an Executive Team away day, involved various consultation events and discussions throughout 2021 and culminating in various drafts of a strategic plan presented to the Board of Trustees in January and April 2022 and finally signed off at the June 2022 meeting. I am grateful for everyone who has contributed to this very positive process. The result was a detailed strategic plan and an accessible two-page summary.

The new vision of LST is *forming disciples, resourcing churches, impacting society*. We form disciples of Jesus Christ and resource the ministry of churches, impacting society by means of our witness to the good news of the Kingdom of God. We do this by providing theological and interdisciplinary education in Christian community. We are unique in British Higher Education by being a residential college in London that provides research and practice-led teaching in an interdenominational and evangelical context.



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



OUR KEY FIVE-YEAR OBJECTIVES INCLUDE:

- Coming together as a community around our renewed vision and values
- Continuing to improve our student experience
- Launching a new BA in Theology and Liberal Arts and a new MA in Ministry Studies
- Applying for UCAS membership
- Strengthening existing church networks and establish new ones
- Establishing a research centre
- Increasing student diversity by widening access to study
- Establishing new partnerships in the UK and worldwide
- Achieving positive environmental impact in major estate developments
- Right-sizing institutional resources and implementing an enhanced organisational structure

Please do visit our website to read our two-page vision and strategy summary and to watch a short video (<https://lst.ac.uk>). May I invite you contact us to discuss our vision and strategy and how you might help us to enable it to become a reality.

I am extremely grateful to all of my colleagues, trustees, executive team members, faculty and staff. We serve a wonderful community of students, and it is a privilege to do so. I am particularly grateful to the Revd Kate Douglas who will be stepping down as Academic Secretary and Director of Academic Services at the end of 2022. Kate has been an extraordinary colleague and we shall miss her on the Executive Team. Kate will be succeeded in the role by our registrar, Dr Shivanthi Manickasingham. I am delighted with this appointment.

Finally, I continue to hold the LST motto before me in the work that I do, 'Set your mind on things above' (Col 3.2). In all things we fix our spiritual gaze on the ascended Christ, seated at the right hand of the Father. To him be glory in the church, the academy and the world, now and for evermore.

The Revd Professor
Mark J. Cartledge
Principal

2021 – 2022

At A Glance

Income & Expenditure 2021-22

Year ended 31 August

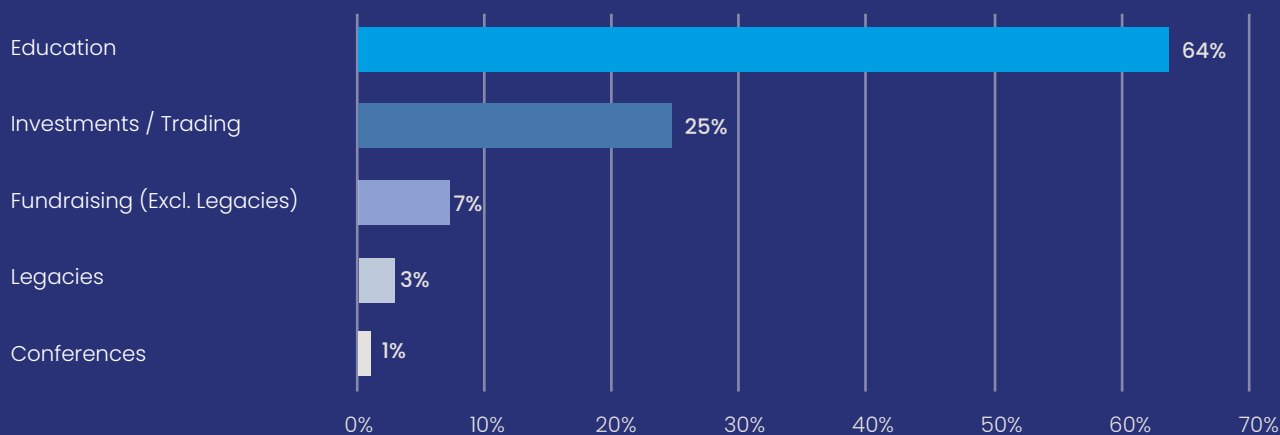
	2022 £'000	2021 £'000
Income	3,210	3,602
Expenditure	(3,700)	(3,757)
Net (loss)	(490)	(155)
Investment gains / (losses)	(1,428)	1,607
Pension scheme gains / (losses)	343	928
Net movement in funds	(1,575)	2,380

Balance Sheet 2021-22

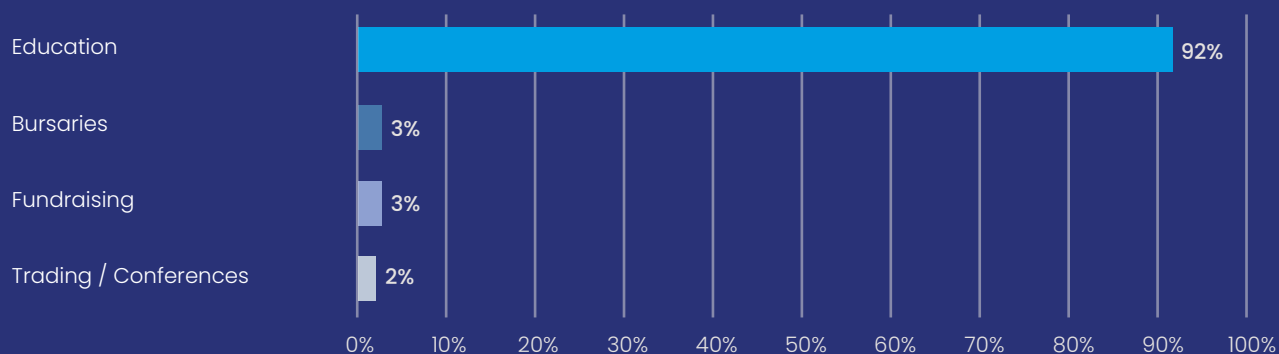
Balance at 31 August

	2022 £'000	2021 £'000
Tangible assets	1,724	1,906
Investments	8,671	10,152
Net current assets	660	915
Pension scheme asset / (liability)	770	427
Net assets	11,825	13,400

Our Income 2021-22



Our Expenditure 2021-22





2021 – 2022

What We Achieved

London School of Theology graduated 61 undergraduate level qualifications

London School of Theology graduated 61 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 19 postgraduate qualifications

London School of Theology graduated 19 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 400 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 12 research qualifications

London School of Theology graduated 12 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.

2021 – 2022

Plans for 2022 - 2023

The priority for the new academic year was again twofold. For new on-campus / blended students it was to integrate them into campus life. 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, until all of these assignments have been completed. The development of the new five-year strategy went through a few final iterations and was signed off by the board in June, having been approved the work to implement it has now started with the 2022/23 academic year being a year of preparation for change.

THE IMMEDIATE PRIORITIES SET FOR THE YEAR AHEAD HAVE BEEN AGREED AS FOLLOWS:

- Continue the implementation of the strategic plan.
- Manage the finances of the institution to get close to operational break-even and engage the staff and faculty in understanding how they can play a role in this.
- Implement actions to improve student NSS scores and to respond to staff and faculty surveys.
- Meet agreed student recruitment targets and improve student retention.

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 churches in multiple ways: through public lectures and partnership in mission, including offering students for placements. Our faculty and staff teach and preach in churches across the country and around the world. We also make our wide range of seminar rooms, excellent catering and 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

In all my years of education I have never felt **so supported and loved** by a group of people; this **community at LST** really is like nothing I have ever experienced before.



Grace Callaghan



Although I am only in my second year of study at LST, I can say with absolute confidence that it has been one of the best experiences in my life so far. Even though to study God and scripture (and all the things it involves) is such a wonderful opportunity to have, my first year was daunting! However the support that the faculty offered during that first essay season, really encouraged me. In all my years of education I have never felt so supported and loved by a group of people; this community at LST really is like nothing I have ever experienced before.

Being surrounded by people that pray for you and with you, that come alongside you and sit with you in the lows but rejoice with you in the highs, is something I have always desired to have and studying at LST has given me that. Not only has it blessed me with so many great relationships, but studying here has also challenged me spiritually and emotionally. Over the past 15 months or so, I have grown and stretched in more ways than I anticipated when applying to come here. I have grown in knowledge, not just about theology but also grown in knowledge about myself and discovered things about my character and person, that I didn't know before.

I have grown in confidence in my ability to do the things God is calling me to do (like this degree) because I now recognise more than ever that He is always with me. And I have most definitely been tested in my patience during some really challenging moments. But most importantly my love for the Lord has grown, and for that I am so incredibly thankful for LST now, and I will continue to be for the rest of my time here and beyond.

What Our Students Say

Sandra Micklethwait

From the moment I came for an Open Day, I felt reassured that LST would be a safe place to come and study. This community proved to be just that. Academically, LST challenged me in many positive ways, opening my eyes to church history and theological thinkers that have influenced my faith today. Love for God and his Word shone through all of the lecturers, whose highly varied teaching styles brought added value to the learning experience.

Through my time at LST a love was nurtured for the biblical languages, as well as a deep respect for the biblical translators. One of the greatest gifts I received was the further development of my critical thinking and awareness. This has helped me to become aware of personal and cultural biases, and to understand why we do the things we do. This greater self-awareness was key for me in terms of character formation, as well as enabling me to minister more effectively to others. Overall, the LST community has a very special place in my heart. God used it to train and equip me, as well as to develop relationships with the lecturers, staff and students that have impacted me both during and after my course.



Patrick Aggrey-Fynn

I felt God was calling me to become a church minister about 20 years ago, I was not confident that I could fulfil this role. I never thought in a million years that I would have the opportunity to study Theology, but my passion to study did not go away but grew more intense. When I relocated from Ghana to the UK, I tried to pursue God's calling to study Theology but did not know which institution to enrol at. One day after a discussion with my Pastor about my passion for studying Theology, he recommended London School of Theology to me. Fast forward and I got accepted to study Theology. Studying at LST is a dream come true, and I have never regretted it.

LST has truly developed my critical thinking in my studies and my life. I have felt like a whole new world has opened to me, thanks to the selfless staff and dedicated faculty. I have never left lectures without being positively challenged about my Theological methods as a Christian. There are various modules which are all different yet intertwined with each other. LST cares about all their students, it's a place where no one is left behind, and I am a typical example of that. I have received tremendous support in my studies. Writing this testimony makes me think about the in-depth help and knowledge the College has given me, and I am humbled and grateful. To cut a long story short, I highly recommend London School of Theology to anyone who wants a life-changing experience and is looking for a great place to study.





Year ended 31 August 2022

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 2022

Governors' Report

Introduction

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 2022.

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	Chair of F&GP from 04/22
Mrs Margaret Doyle	Vice-Chair of the Board	
Prof Peter Oakes+	Chair of the AAC	
Mr Ian Thompson*	Chair of the F&GP	Until 03/22
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+		
Ms Lydia Lee		From 01/22
Revd Alton Bell		From 06/22

Attendees and Representatives

The following attended meetings of the Board of Governors:

Name	Position	Note
Revd Prof Mark Cartledge	Principal	
Dr Cornelis Bennema **	Academic Dean	Until 07/22
Rev Dr David Hilborn**	Academic Dean	From 08/22
Revd Kate Douglas**	Academic Secretary, Director of Academic Support	Until 12/22
Dr Shivanthi Manickasingham	Academic Secretary, Director of Academic Services	From 01/23
Mr Jonathan Mead*	Director of Finance and Administration Company Secretary	
Dr Graham McFarlane	Faculty Representative	Until 09/22
Dr Cornelis Bennema+	Faculty Representative	From 10/22
Rev Dr Chris Steed+	Faculty Representative	From 10/22
Ms Clare Miller	Staff Representative	Until 09/22

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

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

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Year ended 31 August 2022

Governance and management of the charity (continued)

Attendees and Representatives (continued)

Name	Position	Note
Mrs Ruth Dowsett	Staff Representative	Until 12/21
Mr Anir Karki	Staff Representative	From 10/22
Mrs Elizabeth Case	Staff Representative	From 10/22
Mr Jude King	Student Body President	Until 03/22
Miss Esther Watts	Student Body Female Vice-President	Until 03/22
Miss Rachel Walters	Student Body President	From 04/22
Mr Boaz Moody	Student Body Male Vice-President	From 04/22

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 2021/22:

Revd Prof Mark Cartledge	Principal
Dr Cornelis Bennema	Academic Dean (until 07/22)
Rev Dr David Hilborn	Academic Dean (from 08/22)
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' governing document.

The Board of Governors meets three or four times a year to consider all matters pertaining to the governance of the Charity. In addition to the trustees, the members of the executive team and elected student, staff and faculty representatives also attend. 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 Steve Hughes 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/>

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 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.

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.

Year ended 31 August 2022

Governance and management of the charity (continued)

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 Faith Seeking Understanding programme
- Access to means-tested bursaries
- Access to means tested and subsidised Counselling through the REMA Counselling Service (www.remacounselling.org)
- The provision of free or subsidised access to the theological library facilities for academics, students and members of the local Christian Community

Year ended 31 August 2022

Strategic report

Aims, objectives and activities

Aims

To establish LST as an exemplar of engaged evangelical theological education in the UK.

WE ACHIEVE THESE AIMS BY PROVIDING:

- higher education degrees (BA Hons to PhD): interdisciplinary, intercultural and integrated
- high quality scholarship and research, especially in the relationship between church and society
- public events and conferences
- short courses and training for local churches and denominational networks
- strategic engagement on public issues with evangelical and ecumenical partners
- consultancy for churches, mission agencies and parachurch organisations

WE SEE OUR KEY VALUES AS BEING:

- Actively becoming Christ-like, developing godly character and virtues
- Being shaped by the canon of Scripture as the supreme authority for faith and life (the norming norm)
- Celebrating Christian community, exhibiting the gifts and fruit of the Holy Spirit in praise, prayer, sacrament, fellowship and service and embodying collegiality for the flourishing of LST
- Demonstrating a commitment to excellence in all that we do, whether academic or professional
- Enhancing church life and witness, through strong networks of evangelical and ecumenical partnerships
- Forging relationships within our own wider community and greater London for the sake of the common good
- Gathering students from diverse cultures and ecclesial traditions
- Helping to care for creation, including our own physical and environmental resources, moving towards a carbon neutral footprint

AND SOME OF OUR UNIQUE SELLING POINTS WOULD BE HAVING:

- The longest history of delivering degree qualifications from BA Hons to PhD in the Bible College and Theological College sector
- A very diverse student body, reflecting the cultural diversity of greater London as well as students from around the world
- Strong on-campus community having a vibrant spirituality (not all of our competitors are on-campus)
- Entirely online or blended BA Hons Theology degree options
- The 'and programmes': theology-based music and worship and counselling degrees
- Research degrees that compete with British Universities

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 2021/22 were:

- 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

Measures of Success and Outcomes in 2021/22

- COVID continued to be a challenge with the emergence of the OMICRON strain in the autumn term, but with a robust approach to containment including isolation where necessary, we were able to keep its impact to a minimum. The assistance and cooperation of the community was critical to this and greatly appreciated.
- The five year strategic plan received board approval and the first year of preparing for change is well under way
- Nothing could have prepared us for the geopolitical events that unfolded in February this year and the resulting serious impact this had on financial markets and the cost of living. Despite this we worked hard to keep our costs below budget and keep the operating loss lower than the budgeted figure.
- NSS scores were again disappointing this year particularly for our counselling course, but concrete actions have already been taken which we are confident will start to generate a significant improvement.
- Addressing resource management challenges is very much part of the new strategic plan. The board approved the hire of a part time Strategic Delivery Partner for six months to kick start the implementation of the strategic plan and ensure all the key workstreams were successfully put in motion.
- Student recruitment proved challenging as prospective students simply did not want to commit until the very last moment. Numbers ended down on the previous year very much in line with similar Colleges in the sector.

Future Objectives and Activities for 2022/23

- Continue the implementation of the strategic plan.
- Manage the finances of the institution to get close to operational break-even and engage the staff and faculty in understanding how they can play a role in this.
- Implement actions to improve student NSS scores and to respond to staff and faculty surveys.
- Meet agreed student recruitment targets and improve student retention.

Year ended 31 August 2022

The operation of the Charity relationships 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 during the year were identified as **Covid** – the uncertainty this brings around educational delivery; **student recruitment, progression and retention** – shortcomings in this area impact our students study ambitions and have a multi-year impact on the finances of the School, **Staff recruitment** – we are not alone in seeing higher than normal levels of staff choosing to leave and then struggling to attract new employees to replace them; **compliance** – failure to meet all of the third-party requirements (Educational, GDPR and Health and Safety related). Actions to address these risks include for **Covid** closely monitoring our students well-being and academic progress and stepping in with additional support; **student retention and progression**, we have engaged the Academic Board to look at the issues impacting this and allocated additional budget to engage a third party specialist to advise us on how to better address the area and for **student recruitment** we have appointed a new admissions manager to oversee the end to end process from advertising, social media, conference attendance and open day events through to applications and the offering of places; for **staff recruitment** we are finding it difficult to match the salary expectations of potential new employees, so have had to resort to increasing the number of sites / publications where we place adverts and if necessary make use of head hunters to help us fill key roles; **compliance**, we have employed a more experienced Compliance and Reporting Officer and continue to develop the Student Information System so it can deliver more timely and accurate data.

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

The Covid-19 pandemic had less of an impact on the running of the School than in the previous two academic years. The emergence of the OMICRON strain towards the end of the autumn term did result in cases increasing, more residential students having to isolate in the rooms and lectures having to be delivered in blended mode again and ultimately in the curtailment of some of the end of term activities such as the carol service. Its most significant impact was on the mental wellbeing of students with a much higher number than normal choosing to either defer the submission of their assignments or interrupt their studies. Where they chose to defer their submissions, this then had a knock on effect for later submissions in the year with many again being deferred, which led to a material number of students not then having sufficient credits completed before the commencement of the new academic year and so not being in a position to be able to enrol for their next level of study.

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 with events, as well as running the student committee and acting as course representatives on academic committees.

Facilitating Access to Christian Theological Education

The Charity operates thirteen 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

Whilst the physical impacts of Covid started to decline during the year, it had a sting in its tail financially. New students were reticent to sign up and a material number of existing students struggled in some way, which led to more interrupting, dropping out, having to retake the year or having too many modules to complete or retake which meant they could not progress. All of this impacted student numbers and resulted in a £300k plus drop in our fees.

Reserves

The total Unrestricted Funds amount to £8.9m (2021: £10.7m) before accounting for the pensions reserve surplus of £770k (2021: £427k). Included in these funds are £6.5m of designated income investments and functional fixed assets valued at £1.7m. Free reserves thus stand in surplus by £1.5m (2021: £1.5m).

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 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 decreased by £1,481k to £8,672k (2021: increase of £1,558k). These investments are invested with JM Finn investment managers.

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 manager JM Finn. The investments are reviewed quarterly by the F&GP Committee, who also meet with 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 from £3,602k to £3,210k (2021: decreased from £3,628k to £3,602k). Expenditure in total decreased from £3,757k to £3,700k as actions were taken to try and compensate for the lower than expected income. Declining income continues to be a significant issue, we had hoped that with covid concerns starting to fade confidence might start to return to our existing and potential new students, but instead cost of living concerns have only exacerbated these, creating even more uncertainty and increasing the chances of students interrupting or dropping out. Realistically there is a strong chance this will continue for at least a few more years so it is imperative that actions are taken to address the financial viability of existing programmes and introduce new ones which might attract more new students. The final result for the year was an operational loss of £490k (2021: operational loss of £155k).

Investment values also suffered as a result of the global economic uncertainties more or less reversing the gains of the previous year. The overall losses for the year were £1.4m (2021: gains of £1.6m).

The falling investment values also impacted the School's Defined Benefit Pension Scheme, but an increase in the discount rate (based on the yields of long dated high quality corporate bonds) from 1.55% to 4.2% as part of the actuarial assumptions for the FRS 102 year end valuation, reduced the predicted liabilities of the scheme by a greater amount than the investment losses, leading to the pension fund surplus actually increasing from £427k to £770k.

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

Year ended 31 August 2022

Future plans

The delivery of a first class education to our students continues to be our principal aim. We are acutely aware that the tail end of the pandemic, a looming recession and significant cost of living challenges, will present our students with additional pressures and uncertainties in the next few years and deter many potential students from applying. We are determined to increase the level of support we have in place for our students to monitor their progress and well-being and work with our lecturers, tutor group leaders and support staff to monitor any concerns they observe, so these can be quickly followed up by our excellent pastoral and registry teams. We are also focused on implementing our new five year strategic plan which we are confident will help us address many of the challenges we and other similar colleges in our sector are currently facing.

Independent Auditors

A resolution was made at the AGM in 2022 to reappoint Haysmacintyre LLP as auditors to the Charity. This appointment and the auditor's remuneration will be reviewed again at the AGM in 2023.

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:

Mr Steve Hughes
Chairman
25th January 2023

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 2022 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 2022 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.

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

Year ended 31 August 2022

Other information (continued)

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 not been materially misstated;
 - The providers' expenditure on access and participation activities for the financial year has not been materially misstated.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10 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;
- 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; 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

27th January 2023

Statement of Financial Activities

Year ended 31 August 2022

		Unrestricted Funds	Restricted Funds	Endowment	Total 2022	Total 2021
		£	£	£	£	£
	Notes					
	Income From					
Donations and legacies		155,411	164,378	-	319,789	383,042
	Charitable activities					
Education	3	2,533,503	-	-	2,533,503	2,856,523
	Investments	207,876	42,477	-	250,353	256,705
Trading income		72,246	-	-	72,246	43,855
Other income		33,720	-	-	33,720	62,240
Total Income		3,002,756	206,855	-	3,209,611	3,602,365
	Expenditure On					
	Raising Funds					
Investment manager fee		43,571	-	973	44,544	40,482
Trading expenses		50,133	-	-	50,133	48,773
Fundraising costs		58,205	-	-	58,205	59,871
	Charitable activities					
Education		3,369,606	140,319	-	3,509,925	3,569,394
Conferences		36,894	-	-	36,894	38,389
Total Expenditure	4	3,558,409	140,319	973	3,699,701	3,756,909
Net expenditure before transfers		(555,653)	66,536	(973)	(490,090)	(154,544)
Investment gains/(losses)		(1,221,402)	(175,500)	(30,983)	(1,427,885)	1,606,722
Net income/ (expenditure)		(1,777,055)	(108,964)	(31,956)	(1,917,975)	1,452,178
Defined benefit pension scheme (losses)/gains		343,000	-	-	343,000	928,000
Net movement in funds		(1,434,055)	(108,964)	(31,956)	(1,574,975)	2,380,178
Balance brought forward at 1 September 2021		11,104,657	2,007,123	288,768	13,400,548	11,020,370
Balance carried forward at 31 August 2022		9,670,602	1,898,159	256,812	11,825,573	13,400,548

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 2022

		2022		2021	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7	1,723,723		1,905,782	
Investments	8	8,671,508		10,152,071	
			10,395,231		12,057,853
Current Assets					
Stocks	9	21,733		19,889	
Debtors	10	172,380		156,873	
Cash at bank and in hand		942,822		1,283,556	
		1,136,935		1,460,318	
Current Liabilities					
Creditors: within one year	11	(476,593)		(544,623)	
Net Current Assets			660,342		915,695
Total assets less current liabilities			11,055,573		12,973,548
Pension scheme asset		770,000		427,000	
Net Assets including Pension Scheme assets			11,825,573		13,400,548
Funds					
Unrestricted	12, 13	8,900,602		10,677,657	
Restricted	12, 13	1,898,159		2,007,123	
Endowment	12, 13	256,812		288,768	
Funds (excluding pension scheme reserve)			11,055,573		12,973,548
Unrestricted pension reserve			770,000		427,000
			11,825,573		13,400,548

The financial statements were approved and authorised for issue by the Board on 25th January 2023 and were signed on its behalf by:

Mr Steve Hughes
(Chairman)

Revd Prof Mark Cartledge
(Principal)

Cash Flow Statement

Year ended 31 August 2022

	2022		2021	
	£	£	£	£
Reconciliation of changes in resources to net cash inflow from operating activities				
Net outgoing resources for the year		(490,090)		(154,544)
Depreciation charged	203,653		210,615	
Increase in stocks	(1,844)		(5,117)	
Increase in debtors	(15,507)		(1,915)	
Decrease in creditors	(68,030)		(101,239)	
Decrease in pension scheme reserve net of actuarial gains and losses	-		(511,000)	
Less investment income	(250,353)		(256,705)	
		(132,081)		(665,361)
Net cash flow from operating activities		(622,171)		(819,905)
Investing activities				
Investment income	250,353		256,705	
Additions to investments	(2,667,100)		(671,156)	
Sale of investments	2,719,778		719,734	
Purchase of tangible fixed assets	(21,594)		(45,313)	
		281,437		259,970
Decrease in cash in the year		(340,734)		(559,935)
Cash and cash equivalents at the beginning of the year		1,283,556		1,843,491
Cash and cash equivalents at the end of the year		942,822		1,283,556
Cash and cash equivalents comprise:				
Cash at bank		942,822		1,283,556
		942,822		1,283,556

Notes to the Financial Statements

Year ended 31 August 2022

1. Company Status

London School of Theology is a charitable company incorporated in England and Wales. Further company information can be found on page 9.

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 2021.

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 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.

Year ended 31 August 2022

(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 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 receive it.

(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%	Equipment	20% - 25%
Buildings	2%	Computers	33%
Fixture and fittings	10%		

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 the following to be the key sources of estimation uncertainty and judgement - the useful lives of fixed assets, valuation of the pension scheme asset/(liability) and the bad debts provision.

Year ended 31 August 2022

3. Grant and Fee Income

	2022 £	2021 £
Grant income from the Office for Students	51,500	114,750
Fee income from taught awards	1,953,290	2,255,150
Fee income from non-qualifying courses	6,428	7,814
Other Educational and related income	522,285	478,809
	<u>2,533,503</u>	<u>2,856,523</u>

4. Expenditure

	Raising Funds £	Charitable Activities £	Total £
Year Ended 31st August 2022			
Direct costs	54,739	559,054	613,793
Staff costs	85,102	2,125,937	2,211,039
Depreciation	4,073	199,580	203,653
Bursaries and prizes	-	140,319	140,319
Support and governance costs	8,968	521,929	530,897
	<u>152,882</u>	<u>3,546,819</u>	<u>3,699,701</u>

	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>

Included in expenditure are the following:

The auditor's remuneration during the year amounted to £13,300 for audit services (2021: £12,300) and £nil for other services (2021: £nil).

Hire of plant (operating leases) which amounted to £7,814 (2021: £8,364).

5. Staff Costs

	2022 £	2021 £
Wages and salaries	1,864,317	1,849,651
Social security costs	171,492	163,799
Pension contributions	110,255	103,943
Other pension costs	64,975	77,920
Termination payments	-	-
	<u>2,211,039</u>	<u>2,195,313</u>

No members of the London School of Theology, who are trustees and directors for the purposes of the Companies Act received any remuneration for their services during the year, the Revd Johnny Douglas last year (2021) received £620 for facilitating a tutor group during the year. One trustee (2021: 1) received reimbursement of their travel expenses totalling £206 (2021: £81) during the year. There were no other related party transactions during the year.

	2022 No.	2021 No.
The average number of employees by function was:		
Education	69	67
Fund-raising and publicity	3	3
Ancillary to main function of education	2	1
	<u>74</u>	<u>71</u>

One employee earned between £70,000 and £80,000 and 2 employees between £60,000 and £70,000 during the year, no other employees earned more than £60,000 (2021: one employee earned between £70,000 and £80,000). Key management personnel remuneration for the period (salaries, taxable benefits and employers pension contributions) totalled £302,000 (2021: £290,000)

Mark Cartledge was principal for the year. He was paid £76k plus pension contributions (2021: £75k plus pension contributions). The principal's base salary and gross salary including pension contributions are 2.3 times (2021: 2.5 times) the median pay of all other employees (on an 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 level of remuneration at 2.3 (2021: 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 the drafting of the School's new five year strategic plan.

Year ended 31 August 2022

6. Access and Participation

	2022		2021	
	Actuals £	Per Plan £	Actuals £	Per Plan £
Access investment	70,030	55,000	56,010	50,000
Financial support	84,383	156,000	130,402	145,000
Research and evaluation	24,166	12,500	23,475	11,250
	<u>178,579</u>	<u>223,500</u>	<u>209,887</u>	<u>206,250</u>
Staff costs included in the above	58,445		47,217	

The School's Access and Participation Plan can be found at:

https://apis.officeforstudents.org.uk/accessplansdownloads/2024/LondonSchoolOfTheology_APP_2020-21_V1_10004075.pdf

7. Fixed Assets

	Freehold and leasehold property £	Motor Vehicles £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2021	1,287,768	3,676	2,353,233	3,644,677
Additions	-	-	21,594	21,594
At 31 August 2022	<u>1,287,768</u>	<u>3,676</u>	<u>2,374,827</u>	<u>3,666,271</u>
Depreciation				
At 1 September 2021	412,622	3,676	1,322,597	1,738,895
Charge for the year	20,719	-	182,934	203,653
At 31 August 2022	<u>433,341</u>	<u>3,676</u>	<u>1,505,531</u>	<u>1,942,548</u>
Net Book Value				
At 31 August 2022	<u>854,427</u>	<u>-</u>	<u>869,296</u>	<u>1,723,723</u>
At 31 August 2021	<u>875,146</u>	<u>-</u>	<u>1,030,636</u>	<u>1,905,782</u>

8. Fixed Assets Investments

	2022 £	2021 £
Market value at 1 September 2021	10,152,071	8,593,927
Additional investments purchased	2,667,100	663,783
Disposals at market value	(2,719,778)	(719,734)
Investment income reinvested in the period / movement in cash balances	-	7,373
Revaluation in the year	(1,427,885)	1,606,722
Market value at 31 August 2022	<u>8,671,508</u>	<u>10,152,071</u>
Cost of investments	<u>7,276,421</u>	<u>7,276,421</u>

The School's investments comprise a mixed portfolio of listed investments managed by JM Finn & Co., with a total value as at 31 August 2022 of £8,671,508. During the year the School divested its holdings of BlackRock Charities UK Equity and Bond units, managed by BlackRock Life Limited and added the proceeds to its JM Finn & Co. portfolio.

9. Stocks

	2022 £	2021 £
Catering and other sundry stocks	<u>21,733</u>	<u>19,889</u>

10. Debtors

	2022 £	2021 £
Fee debtors	52,402	52,611
Other debtors	1,671	955
Prepayments	118,307	103,307
	<u>172,380</u>	<u>156,873</u>

11. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	72,970	121,299
Deferred income – payments received on account	127,299	175,481
Social security costs	44,935	39,858
Pension scheme contributions	16,270	14,894
Other creditors	34,693	25,399
Accruals	180,426	167,692
	<u>476,593</u>	<u>544,623</u>

Deferred income comprises:

	Balance at 1 September 2021	Receipts in the year	Credited to income in the year	Balance at 31 August 2022
Fees in advance	145,778	122,938	(160,199)	108,517
Open learning fees	29,703	18,782	(29,703)	18,782
	<u>175,481</u>	<u>141,720</u>	<u>(189,902)</u>	<u>127,299</u>

Year ended 31 August 2022

12. General and Special Funds

	Balance at 1 September 2021	Income	Gains/(Losses)	Balance at 31 August 2022
	£	£	£	£
12.1 Endowment Funds				
Montague Goodman Bursary	117,072	(394)	(12,561)	104,117
Jomac Hennell Bursary	37,615	(127)	(4,036)	33,452
Sir John Laing Memorial	117,509	(396)	(12,608)	104,505
Sir John Laing Lecture	16,572	(56)	(1,778)	14,738
	<u>288,768</u>	<u>(973)</u>	<u>(30,983)</u>	<u>256,812</u>

	Balance at 1 September 2020	Income	Gains/(Losses)	Balance at 31 August 2021
	£	£	£	£
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>

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.

	Balance at 1 September 2021	Income	Expenditure/ Fund transfers	Gains/ (Losses)	Balance at 31 August 2022
	£	£	£	£	£
12.2 Unrestricted Funds					
General fund	2,974,154	3,002,756	(3,558,409)	-	2,418,501
Designated fund	7,703,503	-	-	(1,221,402)	6,482,101
Pensions reserve	427,000	-	-	343,000	770,000
	<u>11,104,657</u>	<u>3,002,756</u>	<u>(3,558,409)</u>	<u>(878,402)</u>	<u>9,670,602</u>
	Balance at 1 September 2020	Income	Expenditure/ Fund transfers	Gains	Balance at 31 August 2021
	£	£	£	£	£
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>

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.

12.3 Restricted Funds

	Balance at 1 September 2021	Income	Expenditure	(Losses)	Balance at 31 August 2022	Purpose of fund
	£	£	£	£	£	
Henman Memorial Bursary	568,109	11,830	-	(55,253)	524,686	For student bursaries
Student Grant Bursary	979,920	18,698	-	(95,305)	903,313	For student bursaries
Graham Scholarship	162,330	3,378	-	(15,788)	149,920	For student bursaries
Mary Fisher Memorial	39,458	825	(100)	(3,838)	36,345	For student bursaries
L Smid-Walker bursary	-	16,312	(15,238)	-	1,074	For international bursaries
Laing Scholarship	1,582	12,000	(10,582)	-	3,000	For research student scholarship
Student Wives Bursary	51,670	1,243	-	(5,025)	47,888	For study support for Students' spouses
Music and Worship Bursary	1,058	8,320	-	-	9,378	For bursaries to music and worship students
Students in Need Fund	21,559	19,274	(18,941)	-	21,892	For students in need
Reading Prize Fund	-	-	(100)	-	(100)	For annual prizes
Sir Eric Richardson Prize	245	9	(100)	(24)	130	For annual prizes
Griffiths Prize	2,748	61	(100)	(267)	2,442	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 book bursary	558	758	(675)	-	641	For the purchase of books
Beacon Trust	8,102	3,000	(820)	-	10,282	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	-	1,091	-	-	1,091	For School development projects
Alumni Fund	17,920	3,135	(4,272)	-	16,783	For alumni events and bursaries
Hebrew Prize	520	100	-	-	620	For high attainment in Hebrew language studies
W Atkinson Prize	-	1,000	(100)	-	900	For taught Masters
ECLAS Science for Seminaries	55,914	50	(16,528)	-	39,436	For the advancement of science-engaged theology
BFBS	-	67,073	(46,163)	-	20,910	For research fellow
Other restricted funds	24,492	32,266	(26,600)		30,158	For various restricted purposes
Endowment Income Accounts						
Montague Goodman Bursary	23,164	2,580	-	-	25,744	For student bursaries
Jomac Hennell Bursary	9,404	829	-	-	10,233	For student bursaries
Sir John Laing Memorial	24,531	2,590	-	-	27,121	For student bursaries
Sir John Laing Lecture	(1,803)	433	-	-	(1,370)	For the annual memorial lecture
Total	2,007,123	206,855	(140,319)	(175,500)	1,898,159	

Year ended 31 August 2022

12. General and Special Funds (continued)

12.3 Restricted Funds

	Balance at 1 September 2020	Income	Expenditure	Gains	Balance at 31 August 2021	Purpose of fund
	£	£	£	£	£	
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. Analysis of Net Assets Between Funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund balances at 31 August 2022				
Represented by:				
Tangible fixed assets	1,723,723	-	-	1,723,723
Investments	6,960,032	1,454,664	256,812	8,671,508
Current assets	693,440	443,495	-	1,136,935
Current liabilities	(476,593)	-	-	(476,593)
	8,900,602	1,898,159	256,812	11,055,573
Pension Scheme reserve	770,000	-	-	770,000
	<u>9,670,602</u>	<u>1,898,159</u>	<u>256,812</u>	<u>11,825,573</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 £110,255 (2021: £103,943). At 31st August there were £16,270 of outstanding contributions (2021: £14,894) 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.

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.

Year ended 31 August 2022

15. Pension Commitments (continued)

Non Scheme Pension Provision

In addition to the Scheme liabilities there is a potential liability of £nil (2021: nil) 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 £770,000 plus the non-scheme provision of £nil results in a reserve surplus of £770,000.

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

	2022	2021
	£000's	£000's
Scheme assets at year end	5,183	6,497
Present value of funded obligations obligation	(4,413)	(6,070)
	<u>770</u>	<u>427</u>
Actuarial (gains) / losses comprise:		
Loss / (gain) on scheme assets in excess of interest	1,136	(728)
Gain from change in assumptions	(1,653)	(11)
Experience losses/(gains) on liabilities	181	(153)
	<u>(336)</u>	<u>(892)</u>
Analysis of amounts charged to activity costs categories:		
	2022	2021
	£000's	£000's
Bank and other interest / (other finance charges)		
Interest on scheme assets	(99)	(89)
Interest cost	92	100
	<u>(7)</u>	<u>11</u>
Change in scheme liabilities		
Beginning balance	(6,070)	(6,387)
Interest cost	(92)	(100)
Gains / (losses) from changes in actuarial assumptions	1,653	(140)
Experience (gains) / losses on liabilities	(181)	153
Changes in demographic assumptions	-	151
Benefits paid	277	253
Closing balance	<u>(4,413)</u>	<u>(6,070)</u>
Change in scheme assets		
Beginning balance	6,497	5,411
Interest on scheme assets	99	89
Return on assets in less interest	(1,136)	728
Contributions by employer	-	522
Benefits paid	(277)	(253)
Closing balance	<u>5,183</u>	<u>6,497</u>

The major categories of the scheme assets are as follows:

	31 August 2022		31 August 2021	
	% of assets	Fund value £000s	% of assets	Fund value £000s
Equities and other growth assets	45%	2,313	43%	2,786
Bonds and cash	55%	2,870	57%	3,711
Total assets at end of year		5,183		6,497
			2022	2021
			£000s	£000s
Actual return on scheme assets			(1,037)	817

The value of the Scheme 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:

Actual assumptions used:	2022 %	2021 %
Discount rate	4.2%	1.55%
Rate of increase in pensions in payment	3.8%	3.55%
Rate of RPI price inflation	3.9%	3.6%
Rate of CPI price inflation	2.9%	2.6%
Post – retirement mortality	110% S3PMA/ 105% S3PFA CMI 2020 [1%]	110% S3PMA/ 105% S3PFA CMI 2020 [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	£46k increase
Increase of 0.1% in inflation assumption	£13k increase
Increase in long-term mortality projection of 1.5%	£56k increase

Year ended 31 August 2022

16. Leasing Commitments

At 31 August 2022, the School was committed to making the minimum lease payments in respect of hire of machinery:

Operating leases which expire:	2022	2021
	£	£
Within 1 year	7,814	7,814
Within 2 to 5 years	9,768	17,582
	<u>17,582</u>	<u>25,396</u>

17. Comparative Statement of Financial Activities

	Unrestricted Funds £	Restricted Funds £	Endowment £	Total 2021 £
Income From				
Donations and legacies	245,737	137,305	-	383,042
Charitable activities				
Education	2,856,523	-	-	2,856,523
Investments	199,688	57,017	-	256,705
Trading income	43,855	-	-	43,855
Other income	62,240	-	-	62,240
Total Income	<u>3,408,043</u>	<u>194,322</u>	<u>-</u>	<u>3,602,365</u>
Expenditure On				
Raising Funds				
Investment manager fee	40,482	-	-	40,482
Trading expenses	48,773	-	-	48,773
Fundraising costs	59,871	-	-	59,871
Charitable activities				
Education	3,455,658	113,736	-	3,569,394
Conferences	38,389	-	-	38,389
Total Expenditure	<u>3,643,173</u>	<u>113,736</u>	<u>-</u>	<u>3,756,909</u>
Net expenditure before transfers	(235,130)	80,586	-	(154,544)
Investment gains	1,323,681	240,570	42,471	1,606,722
Net income	<u>1,088,551</u>	<u>321,156</u>	<u>42,471</u>	<u>1,452,178</u>
Defined benefit pension scheme gains	928,000	-	-	928,000
Net movement in funds	<u>2,016,551</u>	<u>321,156</u>	<u>42,471</u>	<u>2,380,178</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>
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>



Graduation 2022





LST in the snow



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