

# LONDON SCHOOL OF THEOLOGY

Reports & Financial Statements

For the year ended

31 August 2015

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# London School of Theology

## Company Information

### COMPANY INFORMATION

Company Name:	London School of Theology A company limited by guarantee
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. PO Box 105 37 Green Lane Northwood HA6 3AF
Auditors:	haysmacintyre 26 Red Lion Square London WC1R 4AG
Solicitors:	Pothecary Witham Weld 70 St George's Square London SW1V 3RD

# London School of Theology

## Governors' Annual Report

### 31 August 2015

## 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 2015.

### 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 judgments 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 (revised 2005) and the Companies Act 2006. The accounting policies are listed in Note 2 to the accounts.

# London School of Theology

## Governors' Annual Report

### 31 August 2015

## 1) The Governance and Management of the Charity

### Trustees

#### Names and Periods of service

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 Grant Masom*	Chairman of the Board	
Rev Dr Andrew Goldsmith	Vice-Chairman of the Board	
Mr Steve Hughes*	Chairman of the F&GP	
Rev Malcolm Hazell*	Honorary Treasurer	Resigned (as Treasurer) July 2014
Mrs Madeleine Brown		
Rev Dr Jason Clark		Resigned September 2015
Ms Elizabeth Hodgkinson*		Retired April 2015
Mr Alex Irving		
Mr Mark McAllister		
Prof Hugh Williamson		

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

### Attendees and Representatives

The following attended meetings of the Board of Governors:

Name	Position	Note
Miss Laura Nairn*	Executive Director	
Dr Krish Kandiah	President	Appointed October 2014
Dr Graham McFarlane	Vice-Principal Academic	Retired June 2015
Dr Marvin Oxenham	Academic Dean	Appointed December 2014
Dr Henry Broadbent	Finance Director	Appointed September 2014
Dr Matthew Knell*	Faculty Representative	
Mr Sam Hargreaves	Faculty Representative	Retired April 2015
Mrs Irene Davies	Faculty Representative	Joined June 2015
Ms Ruwani Gunawardene	Administrative Staff Representative	Retired June 2014
Mr Carlo Colloredo	Non-Faculty Staff Representative	Began October 2014
Mr Matthew Cliff	Student Body President	Retired April 2015
Mr Roshad Gibbons	Student Body President	Began April 2015
Miss Ellie Jones	Student Body Female Vice-President	Retired April 2015
Miss Kate Mundy	Student Body Female Vice-President	Began April 2015
Mr Andreas Hild*	Student Body Treasurer	Retired April 2015 (only attends F&GP)
Miss Joy Thangaraj*	Student Body Treasurer	Began April 2015 (only attends F&GP)
Mr Robert Brown*	Secretary	Retired August 2015
Mr Theodore Liu*	Secretary	Began August 2015

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

### Company Secretary

Mr David Bradley

### Methods of Recruitment of Trustees

The Charity draws on its wide range of supporters and former students, from whom trustee candidates with the required

# London School of Theology

## Governors' Annual Report

### 31 August 2015

experience and skills are sought. It is the Charity's aim always to maintain a broad representation among its trustees, in terms of their financial, interpersonal, cultural, business skills and religious commitments.

#### Methods of Appointing Trustees

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 as part of the training process, a new trustee will be invited to attend the next Staff Induction Day. To ensure that trustees are aware of the legal responsibilities of their role, in the past the Charity has arranged professional outside training for all trustees. Trustees are also asked to access the Charity Commission's website on a regular basis. Trustees are encouraged to attend and to be involved in the Charity's activities throughout the year.

#### Senior Employees

Serving as the School's Senior Leadership Team during the year 2014/15:

Mr Krish Kandiah	President
Miss Laura Nairn	Executive Director
Mr Marvin Oxenham	Academic Dean
Mr Henry Broadbent	Finance Director

#### Governing Document

The School's governing documents is its Articles of Association. These were revised in the year 2010/11.

#### How the Charity is Managed

The Board of Governors meets four times a year to consider all matters pertaining to the governance of the School. The main operating sub-committee is the Finance & General Purposes Committee (F&GP), which is chaired by Mr Steve Hughes and manages the Charity's fiscal and business affairs under its devolved responsibility from the Board. In addition there is a Bursaries Committee and a Pensions Committee, the former being chaired by the Executive Director, and the latter by a Pensions Trustee.

The Senior Leadership Team (SLT) is the day-to-day decision-making body of the school, covering its full life and operations. The SLT meets bi-weekly, is chaired by the Executive Director, and is accountable to the Board of Governors. The Minutes of the SLT meetings are copied to both the Chairman of the Board and to the Treasurer and non-confidential items are communicated to Staff and Faculty via bi-weekly feedback sessions to all staff, the contents of which are also e-mailed to all staff.

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

# London School of Theology

## Governors' Annual Report

### 31 August 2015

## 2) The Purpose of the Charity

### Summary of the Objects of the Charity

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

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

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

### Public Benefit of the Charity

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

- The provision of subsidised access to the theological library facilities for academics, students and members of the local Christian community;
- Access to means-tested bursaries;
- Access to Christian Counselling through the Watford Christian Counselling Service;
- Access to the grounds by the wider community (e.g. schools and other organisations) consistent with the ethos of the School.

## Aims objectives and activities

### Aims

LST is an evangelical academic learning community called to equip and encourage one another to be disciples of Jesus Christ. The School's vision is "Transforming Theological Education".

LST aims to equip Christians from diverse church backgrounds and global contexts to express the message and love of Jesus wherever He calls them and in whatever task.

We do this:

### 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;

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## Governors' Annual Report

### 31 August 2015

- 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 high quality theological educational for the 21<sup>st</sup> 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 School. Our primary activity is the provision of high quality academic education that will equip our students for Christian service and leadership. All our other activities support that primary activity, and help ensure that the School operates in a financially viable manner. Full details of our courses and other resources can be found on our website ([www.lst.ac.uk](http://www.lst.ac.uk)).

#### Key Objectives and Activities for 2014/15

- To continue to review and provide a range of curriculums that meet the needs of students and stimulate their theological development;
- To design a new 5 year business plan to reflect facilities restructuring and program re-engineering;
- To embed the new Theology and Counselling program;

#### Measures of Success and Outcomes in 2014-15.

The academic achievements of the School were celebrated once again at the annual Thanksgiving and Commissioning Service at the end of the academic year, which was held at the LST campus in Northwood.

The following were awarded across the five undergraduate programs:

- 50 undergraduate qualifications in Theology, Theology & Counselling, Theology Music & Worship and Theological Studies

The following were awarded across the five postgraduate programs:

- 22 'taught' postgraduate level qualifications in Integrative Theology, Integrative Psychotherapy, Theological Education, Transformation and Aspects and Implications of Biblical Interpretation
- 11 'research' postgraduate qualifications.

Research titles include : 'Apologetics and the new kind of Christian', 'Everything in Common?', 'Understanding the values of Christian Organisations', 'Towards a contemporary pastoral theology of clinical depression' and The Grammar of Justification.

This year, the Charity awarded grants and bursaries totaling £114,621 (2014 : £227,075) thus enabling students to complete courses of study, which otherwise they may have been prevented from doing for financial reasons.

The school also achieved the outcome of satisfactory progress in its annual monitoring visit from the Quality Assurance Agency (QAA).

# London School of Theology

## Governors' Annual Report

### 31 August 2015

#### **Future Objectives and Activities 2015/16**

- To continue to review and provide a range of curriculums that meet the needs of students and stimulate their theological development;
- To offer bursaries on the basis of need to enable students to complete programs;
- To continue to review program delivery methods so as to provide the pedagogically best possible experience for students.
- To review and develop campus facilities to support administrative and educational needs;
- To continue to develop sustainable income streams from a range of sources, including fundraising, conferences and hospitality;
- To continue with robust financial measures in order to produce an ongoing balanced budget.

#### **3) 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 new Integrative Theology program and revamped Theology & Counselling program were both validated during the year.

A small number of research students who commenced their study programs prior to the commencement of the School's partnership with Middlesex University continue to be registered with Brunel University.

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

##### **Risk Management Statement**

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

The Board of Governors' F&GP Committee reviews and monitors risk on a regular basis, taking direction from the risk evaluation undertaken by the School's departments during the year through a risk matrix. It seeks to mitigate or transfer identified risks on an on-going basis. The Risk Matrix and Management Warning Indicators, which are part of the School's Risk Management Policy, are reviewed during the year, and updated to provide a robust reporting system in a range of risk areas. The Emergency Procedure document is reviewed within the year and adapted as required. Firm contacts have been made with similar institutions in the locality, who have agreed in principle to provide emergency support/space/facilities on a reciprocal basis in the event of a major disaster.

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

During 2014/15, the School has actively monitored its investment risk taking advice from its actuaries and investment fund managers. The F&GP Committee reviews the investments on a quarterly basis.

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

##### **Dependence on Volunteers**

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

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

The School operates twelve separate restricted bursary funds. The School'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



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## Governors' Annual Report

### 31 August 2015

made by the School's Bursary Committee.

#### **4) The Finances of the Charity**

##### **Fees**

Taking into consideration the School's facilities and the high standard of education provided, fees for the educational programs are set at a level that is commensurate with other independent theological schools and colleges.

Through advice and assistance, students facing financial pressures are assisted and encouraged to seek support from potential external sources. The School also has limited bursary funds available to assist those students in particular financial difficulties to complete their studies. To enable certain postgraduate students to access the School's programs, it operates a discount fee rate for UK, EU & EEA countries, as well as for international students from low-income countries.

The School is a designated alternative provider of higher education and can therefore receive student loan funding from the UK Government. It is also an approved institution for the US Federal Student Aid Direct Loan program. The new Integrative Theology program is also approved by the UK Skills Funding Agency so students can potentially receive professional and career development loans.

##### **Reserves**

With the sale proceeds from the disposal of Site B the school has returned to positive General funds, £1.141m compared with the 2014 £39k deficit. The total Unrestricted Funds amount to £ 1,881m (2014 : £955k) before accounting for the pensions reserve deficit of £740k (2014 : £994k). Included within these funds are functional fixed assets valued at £1.089m.

Free reserves thus stand in surplus by £813k (2014 : deficit £154k).

This level of reserve exceeds the 20% target of annual Unrestricted Funds expenditure. In order to achieve this target the School has developed and is implementing a strategy to return regular surpluses based on the introduction of new and stream-lined programs, improved operational efficiency and the establishment of an endowment fund from the sale of site C proceeds.

##### **Investments**

Over the year the value of the School's fixed asset investments decreased by £19,915 to £1,444,558. The investments are held in Charinco and Charishare Tobacco-Restricted units, which excludes investment in tobacco companies.

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. The investments are reviewed quarterly by the F&GP Committee, who also meet with BlackRock as required.

Within the year there have been no material policy changes in the way that the Charity conducts itself in order to achieve its objectives.

The School's investments are held in managed funds designed specifically for charities. The Charity chooses not to invest in industries that are in conflict with the Charity's ethos. The School continues to monitor the issue of ethical investment.

##### **Financial Results**

Overall income increased by £1,049,229 from £3,172,367 to £4,221,596. Incoming resources for 14/15 included a £1,212,525 exceptional gain on the disposal of Site B.

# London School of Theology

## Governors' Annual Report

### 31 August 2015

Expenditure in total decreased by £165,995 from £3,438,551 to £3,272,556..

The SOFA shows an operational deficit (before the £1,212,525 exceptional gain) of £285,820 compared with 2014 deficit of £266,183.

There were unrealised losses on investments of £19,915 (2014 : gain £106,419).

There were actuarial gains of £254k (2014 : losses £242k). These combined resulted in a total net movement in funds surplus of £1,183,125.

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

#### **Independent Auditors**

A resolution was made at the AGM in 2015 to reappoint haysmacintyre as auditors to the Charity. This appointment and the auditors' remuneration will be reviewed again at the AGM in 2016.

#### **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.

On behalf of the Board of Governors in their capacity as the Company Directors



Grant Masom  
Chairman  
3<sup>rd</sup> February 2016

# London School of Theology

## Governors' Annual Report

### 31 August 2015

#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE LONDON SCHOOL OF THEOLOGY**

We have audited the financial statements of the London School of Theology for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of governors and auditor**

As explained more fully in the Governors' Responsibilities Statement set out on page 2 the governors (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.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

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 2015 and of its incoming resources and application of resources, including its 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

# London School of Theology

## Governors' Annual Report

### 31 August 2015

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the trustees were not entitled to take advantage of the small companies exemption from preparing a Strategic Report.



Adam Halsey (Senior statutory auditor) for and on behalf of haysmacintyre, Statutory Auditor

3 February 2016

26 Red Lion Square, London WC1R 4AG

*haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

	Notes	Unrestricted £	Funds Restricted £	Endowment £	Total 2015 £	Total 2014 £
<b>Incoming Resources</b>						
Donations and legacies		144,000	90,277	-	234,277	317,771
<b>Charitable Activities</b>						
Education		2,516,367	-	-	2,516,367	2,554,679
Conference		23,288	-	-	23,288	17,087
<b>Other Activities to Generate Funds</b>						
Investment income		6,929	46,679	-	53,608	51,645
Trading income		46,540	-	-	46,540	85,946
Other income		134,991	-	-	134,991	145,239
Gain on disposal of fixed assets		1,212,525	-	-	1,212,525	-
<b>Total Incoming Resources</b>		<b>4,084,640</b>	<b>136,956</b>	<b>-</b>	<b>4,221,596</b>	<b>3,172,367</b>
<b>Resources Expended</b>						
<b>Cost of Generating Funds</b>						
Investment manager fee		1,000	-	-	1,000	1,000
Trading expenses		54,975	-	-	54,975	51,428
Fundraising costs		84,763	-	-	84,763	106,918
<b>Charitable Expenditure</b>						
Education		2,857,659	114,621	-	2,972,280	3,169,660
Conferences		20,697	-	-	20,697	24,982
Governance		138,841	-	-	138,841	84,563
<b>Total Resources Expended</b>	<b>3</b>	<b>3,157,935</b>	<b>114,621</b>	<b>-</b>	<b>3,272,556</b>	<b>3,438,551</b>
Net incoming/(outgoing) resources before transfers		926,705	22,335	-	949,040	(266,183)
Transfers between funds		-	-	-	-	-
<b>Gains / (losses) on investment assets</b>						
Unrealised Gains		-	(16,927)	(2,988)	(19,915)	106,419
FRS 17 Actuarial Gains / (losses)		254,000	-	-	254,000	(242,000)
<b>Net Movement in Funds</b>		<b>1,180,705</b>	<b>5,408</b>	<b>(2,988)</b>	<b>1,183,125</b>	<b>(401,764)</b>
Balance brought forward at 1 September 2013		(39,323)	1,495,992	219,748	1,676,417	2,078,181
<b>Balance carried forward at 31 August 2014</b>		<b>1,141,382</b>	<b>1,501,400</b>	<b>216,760</b>	<b>2,859,542</b>	<b>1,676,417</b>

classed as continuing. 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.

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

	Note	2015		2014	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	5	1,089,610		1,108,722	
Investments	6	1,444,558		1,464,473	
			2,534,168		2,573,195
<b>Current Assets</b>					
Stocks	7	16,112		17,163	
Debtors	8	304,330		260,150	
Cash at bank and in hand		1,563,472		735,627	
		1,883,914		1,012,940	
<b>Current Liabilities</b>					
Creditors (within one year)	9	(797,540)		(915,718)	
<b>Net Current Assets</b>			1,086,374		97,222
<b>Net Assets (excluding pension scheme liability)</b>			3,620,542		2,670,416
Pension scheme liability			(761,000)		(994,000)
<b>Net Assets after pension scheme liabilities</b>			2,859,542		1,676,416
<b>Funds</b>					
Unrestricted	10	1,881,382		954,677	
Restricted	10	1,501,400		1,495,992	
Endowment	10	216,760		219,748	
<b>Funds (excluding pension scheme reserve)</b>			3,599,542		2,670,417
Unrestricted pension reserve (deficit)			(740,000)		(994,000)
			2,859,542		1,676,417

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF GOVERNORS ON 3rd FEBRUARY 2016  
AND SIGNED ON THEIR BEHALF BY :

  
MR GRANT MASOM (Chairman)

  
MR STEVE HUGHES (Acting Treasurer)

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

	2015	2014
	£	£
<b>Reconciliation of changes in resources to net cash inflow from operating activities</b>		
<b>Net incoming / (outgoing) resources for the year</b>	949,040	(266,183)
Depreciation charged	120,164	87,489
Decrease / (Increase) in stocks	1,051	1,785
(Increase) / Decrease in debtors	(44,180)	(89,944)
Increase / (Decrease) in creditors	(23,815)	40,250
(Decrease) in pension scheme deficit net of actuarial gains and losses	21,000	(62,000)
Less investment income	(53,608)	(51,645)
Less gain on disposal	(1,212,525)	
	(1,191,913)	(74,065)
<b>Net cash flow from operating activities</b>	(242,873)	(340,249)

**Cash flow statement**

<b>Net cash flow from operating activities</b>	(242,873)	(340,249)
<b>Returns on investments and servicing of finance</b>	53,608	51,645
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(101,051)	(62,026)
Disposal of fixed assets	1,212,525	-
	1,111,474	(62,026)
<b>(Decrease) / Increase in cash</b>	922,209	(350,630)

**Reconciliation of net cash flow to movement of net debt**

	At 01/09/2014 £	Cash Flows £	At 31/08/2015 £
Cash at bank and in hand	735,627	827,845	1,563,472
Bank Overdraft	(376,998)	94,364	(282,634)
<b>Total</b>	358,629	922,209	1,280,838

The notes also form part of these financial statements. All of the schools operations are

# London School of Theology

## STATEMENT OF FINANCIAL ACTIVITIES

### 31st August 2015

#### 1 Company Status

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 £1, 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, the Companies Act 2006 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities' issued in 2005 ('SORP 2005').

##### (a) Basis of Accounting

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

##### (b) Fees and Similar Income.

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

##### (c) Legacies

Legacies receivable are credited to the Statement of Financial Activities only to the extent that the 3 principles of entitlement, certainty 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 Restricted 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) Resources Expended

Resources Expended are accounted for 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's activities cover the issue of information to prospective students as well as publicising the charity for fund-raising purposes. 20% of the Communication Department's costs are charged to fund-raising 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 :

<i>Costs of generating funds</i>	
Fund-raising trading costs	8%
<i>Charitable Activities</i>	
Education	90%
Conferences	2%



# London School of Theology

## STATEMENT OF FINANCIAL ACTIVITIES

### 31st August 2015

#### 2 Accounting Policies (Continued)

Other Administration & 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	3%

##### *Charitable Activities*

Education	90%
Conferences	1%

<i>Governance</i>	4%
-------------------	----

These costs are attributed to activities in proportion to the calculated costs of those activities once both the direct costs and the other costs above have been attributed.

#### (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 13. Constructive obligations under pension arrangements are also recognised as liabilities.

#### (g) *Grants and Bursaries*

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

#### (h) *Investments and Investment Income*

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

#### (i) *Interest Receivable*

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

#### (j) *Tangible Fixed Assets*

All assets are included at cost and capitalised only where the value is greater than £500. As property is shown at cost, detailed impairment reviews as defined by Financial Reporting Standard 15 are not carried out as permitted under the charity Statement of Recommended Practice.

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 & fittings	10%
Equipment	20% - 25%
Computers	33%

a depreciation rate on the building element of the properties has been introduced which 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.

London School of Theology  
STATEMENT OF FINANCIAL ACTIVITIES  
31st August 2015

**2 Accounting Policies (Continued)**

**(k) Stock**

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

**(l) 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 17.

**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.

# London School of Theology

## Notes to the Financial Statements

### (Continued)

3	Resources Expended	Cost of generating funds	Charitable activities	Governance Costs	Total 2015	Total 2014
		£	£	£	£	£
	Direct Costs	34,821	355,880	-	390,701	492,722
	Staff Costs	70,031	1,865,271	32,119	1,967,421	1,896,806
	Depreciation	6,008	109,349	4,807	120,164	94,255
	Bursaries & Prizes		114,621	-	114,621	227,075
	Administration, IT & other	7,922	283,610	95,578	387,110	365,339
	Property & Services	16,583	144,181	6,337	167,101	227,868
	Catering and Housekeeping	5,373	120,065	-	125,438	134,486
		<u>140,738</u>	<u>2,992,977</u>	<u>138,841</u>	<u>3,272,556</u>	<u>3,438,551</u>

Included in resources expended are the following :

The auditors remuneration during the year which amounted to £9,200 for audit services (2013 : £8,950) and nil for other services (2013 : £nil).

Hire of plant (operating leases) which amounted to £1,440 (2014 : £1,440).

4	Staff Costs	2015 £	2014 £
	Wages and salaries	1,583,017	1,526,199
	Social security costs	132,629	127,869
	Pension contributions	160,599	154,834
	Other pension costs	91,176	87,903
		<u>1,967,421</u>	<u>1,896,806</u>

The members of the London School of Theology, who are trustees and who are directors for the purposes of the Companies Act, received no remuneration nor reimbursement of expenses during the year ended August 2014.

	2015 Number	2014 Number
The average number of employees by function was :		
Education	54	57
Fund-raising and publicity	2	2
Ancillary to main function of education	1	1
	<u>57</u>	<u>60</u>

One employee earned more than £60,000.

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

<b>5 Fixed Assets</b>	<b>Freehold and Leasehold Property £</b>	<b>Motor Vehicles £</b>	<b>Fixtures Fittings &amp; Equipment £</b>	<b>Total 2015 £</b>
<b>Cost</b>				
At 1 September 2014	1,287,768	3,676	1,868,293	3,159,737
Additions	-	-	101,051	101,051
Disposals	-	-	(1,484,662)	(1,484,662)
<b>At 31 August 2015</b>	<b>1,287,768</b>	<b>3,676</b>	<b>484,682</b>	<b>1,776,126</b>
<b>Depreciation</b>				
At 1 September 2014	309,029	3,676	1,738,310	2,051,015
Charge for the year	20,719	-	99,445	120,164
Disposals	-	-	(1,484,663)	(1,484,663)
<b>At 31 August 2015</b>	<b>329,748</b>	<b>3,676</b>	<b>353,092</b>	<b>686,516</b>
<b>Net Book Value</b>				
At 31 August 2015	958,020	-	131,590	1,089,610
At 31 August 2014	978,739	-	129,983	1,108,722

On 18 December 2015, LST agreed the sale of a parcel of surplus land known as Site C at a price of £8.85m, with completion taking place on 20 May 2016.

<b>6 Fixed Asset Investments</b>	<b>2015 £</b>	<b>2014 £</b>
Market value at 1 September 2014	1,464,473	1,358,054
Disposals	-	-
Revaluation in the year	(19,915)	106,419
<b>Market value at 31 August 2015</b>	<b>1,444,558</b>	<b>1,464,473</b>
Cost of investments	586,421	586,422

These investments comprise of units in Charinco and Charishare Tobacco Restricted. All investments are listed. These investments are primarily held to provide an investment return.

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

<b>7</b>	<b>Stocks</b>	<b>2015 £</b>	<b>2014 £</b>
	Catering and other sundry stocks	16,112	17,163
		<u>16,112</u>	<u>17,163</u>
<b>8</b>	<b>Debtors</b>	<b>2015 £</b>	<b>2014 £</b>
	Fee Debtors	147,324	185,223
	Other debtors	138,768	53,276
	Prepayments	18,238	21,651
	Accrued income	-	-
		<u>304,330</u>	<u>260,150</u>
<b>9</b>	<b>Creditors: Amounts falling due within one year</b>	<b>2015 £</b>	<b>2014 £</b>
	Bank Overdraft	282,634	376,998
	Deferred income - Payments received on account	247,681	195,155
	Other taxation	18,232	16,836
	Social security costs	12,699	17,569
	Pension scheme contributions	488	98
	Other creditors	191,357	200,173
	Accruals	44,449	108,888
		<u>797,540</u>	<u>915,718</u>
Open Learning Fees in Advance are included under Payments received on account.			

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

**10 General and Special Funds**

<b>10.1 Endowment Funds</b>	<b>Balance at 1st September 2014</b>	<b>Incoming Resources</b>	<b>Gains / (Losses)</b>	<b>Balance at 31st August 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1 Montague Goodman Bursary	89,090	-	(1,212)	87,878
2 Jomac Hennell Bursary	28,626	-	(390)	28,236
3 Sir John Laing Memorial	89,422	-	(1,216)	88,206
4 Sir John Laing Lecture	12,610	-	(170)	12,440
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>219,748</b>	<b>-</b>	<b>(2,988)</b>	<b>216,760</b>

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.

<b>10.2 Unrestricted Funds</b>	<b>Balance at 1st September 2014</b>	<b>Surplus / (Deficit)</b>	<b>Transfers In / (Out)</b>	<b>Balance at 31st August 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
General fund	954,677	926,705	-	1,881,382
Pensions reserve	(994,000)	254,000	-	(740,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>(39,323)</b>	<b>1,180,705</b>	<b>-</b>	<b>1,141,382</b>

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

**10 Restricted Funds (Continued)**

<b>10.3 Restricted Funds</b>		<b>Balance at 1st September 2014</b>	<b>Incoming Resources</b>	<b>Outgoing Resources</b>	<b>Gains</b>	<b>Balance at 31st August 2015</b>	
		£	£	£	£	£	
1	fenman Memorial Bursary	417,513	13,020	-	(5,555)	424,978	For student bursaries.
2	Student Grant Bursary	730,425	20,580	-	(8,780)	742,225	For student bursaries.
3	Grafam Scfolarship	131,424	3,718	-	(1,586)	133,556	For student bursaries.
4	Mary Fisfer Memorial	34,416	907	-	(387)	34,936	For student bursaries.
5	Laing Scfolarship	10	13,200	(13,200)	-	10	For researcf students scfolarships.
6	Student Wives Bursary	50,287	1,367	-	(584)	51,070	For study support for students' spouses.
7	Music and Worsfip Bursary	4,354	552	500	-	5,406	For bursaries to Music and Worsfip students.
8	Students in Need Fund	19,225	75,143	(100,057)	-	(5,689)	For students in need.
9	Reading Prize Fund	317	17	(50)	-	284	For annual prizes.
10	Sir Eric Ricfardson Prize	358	67	(100)	(6)	318	For annual prizes.
11	Griffitts Prize	2,909	-	(50)	(29)	2,830	For annual prizes.
12	Faculty fardsfip Fund	958	-	-	-	958	For faculty members.
13	Gifts for Romania	-	-	-	-	-	For Romanian students and projects.
14	Cfildren's Workers Course	1,759	-	-	-	1,759	For tfe development of cfildren's ministry.
15	fenman Internet Fund	4,013	-	-	-	4,013	For tfe development of IT projects by LST researcf students.
16	Tom Rees Evangelist in Re:	10,448	-	-	-	10,448	For funding an Evangelist in residence.
17	Vaux sur Seine	5,224	-	-	-	5,224	For tfe translation fo open learning resources into French.
18	Building Development Fund	10,485	1,383	-	-	11,868	For Scfool development projects.
19	Alumni Fund	19,262	-	-	-	19,262	For LST alumni events.
20	Alumni Bursary Fund	32,298	-	-	-	32,298	For student bursaries.
21	Greg Parsons Prize Fund	132	-	(50)	-	82	For tfe provision of an annual prize.
22	febrew Prize	870	-	(50)	-	820	For figf attainment in febrew language studies.
23	Offer Restrictcd Funds	13,734	-	-	-	13,734	Miscellaneous offer restricted fund donations.
<b>Endowment Income Accounts</b>							
1	Montague Goodman Bursar	980	2,839	-	-	3,819	For student bursaries.
2	Jomac fennell Bursary	2,275	912	-	-	3,187	For student bursaries.
3	Sir Jofn Laing Memorial	2,263	2,850	-	-	5,113	For student bursaries.
4	Sir Jofn Laing Lecture	53	402	(1,564)	-	(1,109)	For tfe annual memorial lecture.
<b>Total</b>		<b>1,495,992</b>	<b>136,956</b>	<b>(114,621)</b>	<b>(16,927)</b>	<b>1,501,400</b>	
		Donations	90,278				
		Investment Inc	46,678				

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

**11 Analysis of net assets between funds**

	<b>General Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fund balances at 31 August 2015</b>				
<b>Represented by :</b>				
Tangible fixed assets	1,089,610	-	-	1,089,610
Investments	-	1,227,798	216,760	1,444,558
Current assets	1,610,312	273,602	-	1,883,914
Current assets	(797,540)	-	-	(797,540)
	<u>1,902,382</u>	<u>1,501,400</u>	<u>216,760</u>	<u>3,620,542</u>
Pension Scheme liabilities	<u>(761,000)</u>			<u>(761,000)</u>
	<u><u>1,141,382</u></u>	<u><u>1,501,400</u></u>	<u><u>216,760</u></u>	<u><u>2,859,542</u></u>

**12 Corporation Tax**

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



# London School of Theology

## STATEMENT OF FINANCIAL ACTIVITIES

### 31st August 2015

#### 13 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 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 £ 121,529 (2014: £87,254). At 31st August there were no outstanding contributions (2014: £NIL) 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 17 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 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. Additional contributions of £80,000 were made in the year. 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 £72,000 (2014: £75,000) for discretionary pension benefits if such payments continue to be made over the lives of the beneficiaries at the present rate. These beneficiaries may include retired members of staff who are not members of the Scheme. These benefits are paid from the School's general fund and not from the Scheme itself.

The Scheme's net liability of £689,000 plus the non-scheme provision of £72,000 results in a reserve deficit of £761,000

The amounts in the balance sheet are as follows :

	2015 £000s	2014 £000s	2013 £000s	2012 £000s	2011 £000s	2010 £000s
Scheme assets at year end	4,526	4,377		3,762	3,504	3,234
Defined benefit obligation	(5,215)	(5,296)	(4,860)	(4,555)	(3,790)	(3,831)
	(689)	(919)	(4,860)	(793)	(286)	(597)
Experience gains/(losses) on scheme liabilities	12	-	-	(54)	-	-
Experience gains/(losses) on scheme assets	93	141	163	129	35	74

**London School of Theology**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**31st August 2015**

**13 Pension Commitments (Continued)**

**Analysis of amounts charged to activity costs categories:**

	<b>2015 £000s</b>	<b>2014 £000s</b>
<b>Charitable expenditure operating charge</b>		
Current service cost	4	44
Past service cost	-	-
Curtailment	95	-
	<u>99</u>	<u>44</u>
<b>Bank and other interest/(other finance charges)</b>		
Expected retrun on scheme assets	(207)	(208)
Interest cost	206	220
	<u>(1)</u>	<u>12</u>

**Analysis of actuarial loss debited in the Statement of Financial Activities:**

	<b>2015 £000s</b>	<b>2014 £000s</b>
Actuarial gains/(losses)	254	(242)
Cumulative actuarial gains/(losses)	<u>(277)</u>	<u>(531)</u>

**Change in scheme liabilities**

	<b>2015 £000s</b>	<b>2014 £000s</b>
Beginning balance	(5,296)	(4,860)
Current service cost	(4)	(44)
Interest cost	(206)	(220)
contributions by members	(1)	(16)
Actuarial gains/(losses)	161	(383)
Past service costs	-	-
Curtailment	(95)	-
Benefits paid	226	227
	<u></u>	<u></u>
Closing balance		(5,296)

**Change in scheme assets**

	<b>2015 £000s</b>	<b>2014 £000s</b>
Beginning balance	4,377	4,121
Expected return on scheme assets	207	208
Actuarial gains/(losses)	93	141
Contributions by members	1	16
Contributions by employer	74	118
Benefits paid	(226)	(227)
	<u></u>	<u></u>
Closing balance	4,526	4,377

# London School of Theology

## STATEMENT OF FINANCIAL ACTIVITIES

### 31st August 2015

#### 13 Pension Commitments (Continued)

The major categories of the scheme assets are as follows:

	31 August 2015		31 August 2014	
	% of assets	Fund value £000s	% of assets	Fund value £000s
Equities and other growth assets	47.61%	2,084	43.73%	1,914
Bonds and cash	55.79%	2,442	55.56%	2,432
Other	0.00%	-	0.71%	31
Total Assets at end of year		<u>4,526</u>		<u>4,377</u>

	2015 £000s	2014 £000s
Actual return on scheme assets	300	349

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 2012, updated to the Review Date using the following assumptions :

Actuarial assumptions used:	2015	2014
Discount rate	3.80%	3.90%
Expected return on scheme assets*	3.80%	4.80%
Rate of increase in salaries	n/a	3.20%
Rate of increase in pensions in payment	3.15%	3.20%
Rate of increase in pensions in deferment	2.15%	2.20%
Rate of RPI price inflation	3.15%	3.20%
Rate of CPI price inflation	2.15%	2.20%
Mortality table	100% S2PXA	100% S1PXA
Mortality projection	CMI 2014 [1%]	CMI 2011 [1%]

\* Weighted average based on the allocation of the scheme assets at the end of the year.

#### 14

##### Leasing Commitments

At 31 August 2015, the School was committed to making the following payments (in respect of hire of machinery):

	2015	2014
Operating leases which expire		
within 1 year	-	-
within 2 to 5 years	6,893	6,893
	<u>6,893</u>	<u>6,893</u>