

LONDON SCHOOL OF THEOLOGY
(A Company Limited by Guarantee)
REPORT AND FINANCIAL ACCOUNTS
YEAR ENDED 31 AUGUST 2017

Company Registered No: 381332
Registered Charity No: 312778



LONDON SCHOOL OF THEOLOGY

COMPANY INFORMATION

YEAR ENDED 31 AUGUST 2017

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 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' REPORT

YEAR ENDED 31 AUGUST 2017

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 2017.

Statement of Governors' responsibilities in preparing the accounts

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

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

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

Preparation of accounts

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

GOVERNANCE AND MANAGEMENT OF THE CHARITY

Trustees

The following serve 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*	Chair of the Board (until 10/16)	Trustee until 12/16
Mr Steve Hughes*	Chair of the Board (from 10/16)	Chair of F&GP until 10/16
Mrs Madelaine Brown		Trustee until 2/17
Mr Alex Irving		
Prof Hugh Williamson		
Mr Malcolm Peckham*	Chair of the F&GP (from 10/16)	
Mrs Margaret Doyle	Vice-Chair of the Board (from 2/17)	Coopted 10/16, Elected 4/17
Revd Johnny Douglas		Coopted 10/16, Elected 4/17
Revd Yemi Adediji		Coopted 10/16, Elected 4/17
Ms Elizabeth Hodgkinson		Coopted 10/16
Mr Paul Smith*		Elected 4/17
Mr Ian Thompson*		Coopted 2/17, Elected 4/17
Rt Revd Dr Graham Cray		Coopted 6/17

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

LONDON SCHOOL OF THEOLOGY

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2017

GOVERNANCE AND MANAGEMENT OF THE CHARITY (Continued)

Attendees and Representatives

The following attended meetings of the Board of Governors:

Name	Position	Note
Revd Dr Calvin Samuel*	Principal	From 1/17
Mrs Ruwani Gunawardene	Secretary	
Miss Laura Nairn*	Executive Director	Until 12/16
Prof Graham Twelftree*	Academic Dean	
Mrs Emma Firth*	Director of Finance and Administration	From 9/16 until 10/17
Dr Conrad Gempf	Faculty Representative	
Dr Matthew Knell	Faculty Representative	
Mr Mark Allen	Non-Faculty Staff Representative	
Mr Matthew Green	Non-Faculty Staff Representative	
Miss Stephanie Embree	Student Body President	Until 04/17
Mr Benjamin Perkins	Student Body Male Vice-President	Until 04/17
Mr Jonathan Rudd	Student Body President	From 04/17
Miss Lottie Robinson	Student Body Female Vice-President	From 04/17
Mrs Kate Douglas*	Academic Secretary, Director of	
	Academic Support	From 9/17
Mr Jonathan Mead*	Director of Finance and Administration	From 1/18

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

Company Secretary

Mrs Ruwani Gunawardene

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 financial, interpersonal, cultural, business skills and religious commitments.

Methods of Appointment

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

Training and induction provided for trustees

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

Senior Employees

Serving as the School's Executive Team during the year 2016/17:

Miss Laura Nairn	Executive Director (until 12/16)
Revd Dr Calvin Samuel	Principal (from 1/17)
Mrs Emma Firth	Director of Finance and Administration (from 9/16)
Prof Graham Twelftree	Academic Dean
Revd Dr William Atkinson	Academic Secretary (until 2/17)

GOVERNANCE AND MANAGEMENT OF THE CHARITY (Continued)

How the Charity is managed

The Board of Governors meets four times a year to consider all matters pertaining to the governance of the Charity. The main operating sub-committee is the Finance & General Purposes Committee (F&GP), which was chaired by Malcolm Peckham 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 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 an Academic Board that is chaired by the Academic Dean and to which various academic sub-committees report.

Fundraising approach and performance

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

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

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

The charity does not work with any other organisation to deliver its fundraising activity. We have a training programme for all our fundraising staff to regularly reinforce our fundraising ethics.

During the year we received a very small number of complaints about our fundraising activities, typically around the stated preferences of our recipients.

THE PURPOSE OF THE CHARITY

Summary of the Objects of the Charity

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

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

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

Public Benefit of the Charity

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

- The provision of subsidised access to the theological library facilities for academics, students and members of the local Christian Community

LONDON SCHOOL OF THEOLOGY

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2017

THE PURPOSE OF THE CHARITY (continued)

- Access to means-tested bursaries;
- Access to Christian Counselling through the REMA Counselling Service (formerly 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.
- Provision of theological education to the wider community via our Theology within reach programme.

Aims, objectives and activities

Aims

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

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

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

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

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

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

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

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

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

We achieve these aims

By

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

Through

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

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

Objectives

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

THE PURPOSE OF THE CHARITY (continued)

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 2016/17

- Increase student recruitment numbers – undergraduate and postgraduate
- Make substantial progress to financial breakeven for the year
- Successfully revalidate Research Programmes (MTh, MPhil & PhD)
- Successfully revalidate MA in Theological Education (MATE) & MA in Aspects & Implications of Biblical Interpretation (MAAIBI)
- Closer integration of MA Programmes working towards greater interchangeability of modules
- Release level 5 LSTOnline BA programme
- Progress accommodation and site upgrade plans
- Launch updated website with more accessible URL

Measures of Success and Outcomes in 2016/17

Student recruitment numbers substantially increased for the cohort starting in October 2017 from 82 to 112 undergraduates

Financial surplus was achieved

The following programmes were successfully revalidated: PhD, MPhil, MTh, MAAIBI, MATE

Closer integration of MA programmes was agreed, and interchangeability of modules is being undertaken

Significant improvements were made to student accommodation during the summer vacation

New website was successfully launched with more accessible URL

Future Objectives and Activities for 2017/18

- Continue to increase student recruitment numbers – undergraduate and postgraduate
- Begin to develop a new strategic plan for 2019-2025 with a view to having it finalised by Q1 2019
- Agree and implement a clear arrangement for the future with the Office for Students
- Review IT strategy and ensure that we are compliant with regulatory requirements
- Create Academic Affairs Committee, a subcommittee of the Board of Trustees, to offer greater oversight and leadership of our academic mission

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 and the European Evangelical Accrediting Agency.

Risk Management Statement

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

The Board of Governors' F&GP Committee reviews and monitors risk on a regular basis, taking direction from the risk evaluation undertaken by the school's departments during the year through a risk matrix. A complete review of risks was undertaken with the new executive. It seeks to mitigate or transfer identified risks on an on-going basis. The key risks facing the School were seen as compliance with regulatory requirements for which a programme has been put in place to address, financial with a new approach to fundraising being developed, and the need to radically improve the online

LONDON SCHOOL OF THEOLOGY

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2017

THE OPERATION OF THE CHARITY RELATIONSHIPS AND AFFILIATIONS (continued)

student experience for which there is a project in place.

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 2016/17, 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 Charity operates twelve separate restricted bursary funds. The Charity's policy is to award grants on the basis of demonstrable financial need, subject to any restrictions imposed by the original donors of the funds. Award decisions are made by the Charity's Bursary Committee.

THE FINANCES OF THE CHARITY

Taking into consideration the Charity's facilities and the high standard of education provided, fees for the educational programmes 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 Charity also has limited bursary funds available to assist those students in financial difficulties to complete their studies. To enable certain postgraduate students to access the School's programmes, it operates a discount fee rate for UK, EU & EEA countries as well as for international students from low-income countries.

The Charity is a designated alternative provider of higher education and can therefore receive student loan funding from the UK Government.

Reserves

The total Unrestricted Funds amount to £10.407m (2016: £10.214m) before accounting for the pensions reserve deficit of £1,112k (2016: £1,425k). Included in these funds are £5.9m of investments transferred to a designated income fund during the year and functional fixed assets valued at £1.63m. Free reserves thus stand in surplus by £1,760k (2016: £7,714k).

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 streamlined programs and improved operational efficiency.

The value and purposes of the School's various restricted funds are set out in note 11.3. The Trustees make use of these funds as opportunities arise.

Investments

Over the year the value of the School's fixed asset investments increased by £6,101k to £7,681k (2015: increase of £135k). £5.5m of this was from the 2016 land sale proceeds which was invested with JM Finn investment managers during the year. The rest of the investments are held in Charinco and Charishare Tobacco-Restricted units, which excludes investment in tobacco companies.

LONDON SCHOOL OF THEOLOGY

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2017

THE FINANCES OF THE CHARITY (continued)

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

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. The Charity chooses not to invest in industries that conflict with the Charity's ethos. The Charity continues to monitor the issue of ethical investment.

Financial Results

Overall income fell from £11,754k to £3,071k (2015 increased from £4,222k to £11,754k). The 2016 incoming resources included exceptional gains on disposal of surplus land amounting of £8,850k.

Expenditure in total fell from £3,351k to £3,033k.

The SOFA shows an operational surplus of £38k (2016: operational deficit of £448k excluding the gain on disposal of land, of £8,850).

There were unrealised gains on investments of £581k (2016: gains £135k).

There were actuarial gains of £169k (2016: losses £709k). These combined resulted in a total net movement in funds surplus of £788k.

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

INDEPENDENT AUDITORS

A resolution was made at the AGM in 2017 to reappoint haysmacintyre as auditors to the Charity. This appointment and the auditors' remuneration will be reviewed again at the AGM in 2018.

Statement of disclosure to Auditors

As far as the Trustees are aware:

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

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



25 APRIL 2018

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 2017 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).

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.

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 2017 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 2, 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.

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.

Conclusions relating to going concern

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

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

**INDEPENDENT REPORT OF THE AUDITOR'S TO THE MEMBERS AND TRUSTEES OF
LONDON SCHOOL OF THEOLOGY (continued)**

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

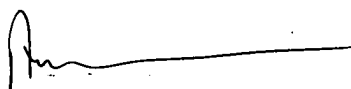
- the information given in the Governors' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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



Adam Halsey (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditors
30 April 2018

10 Queen Street Place
London EC4R 1AG

LONDON SCHOOL OF THEOLOGY

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment £	Total 2017 £	Total 2016 £
INCOME FROM						
Donations and legacies		329,465	142,608	-	472,073	377,621
Charitable activities						
Education		2,311,358	-	-	2,311,358	2,319,230
Conferences		10,847	-	-	10,847	8,187
Investments		126,764	47,060	-	173,824	54,319
Trading income		43,108	-	-	43,108	34,969
Other income		59,774	-	-	59,774	109,890
Gain on disposal of fixed assets		-	-	-	-	8,850,000
Total Income		<u>2,881,316</u>	<u>189,668</u>	<u>-</u>	<u>3,070,984</u>	<u>11,754,216</u>
EXPENDITURE ON						
Raising Funds						
Investment manager fee		7,471	-	-	7,471	-
Trading expenses		36,790	-	-	36,790	37,491
Fundraising costs		61,996	-	-	61,996	53,236
Charitable activities						
Education		2,810,979	83,003	-	2,893,982	3,230,343
Conferences		32,266	-	-	32,266	30,432
Total Expenditure	3	<u>2,949,502</u>	<u>83,003</u>	<u>-</u>	<u>3,032,505</u>	<u>3,351,502</u>
Net income before transfers		(68,186)	106,665	-	38,479	8,402,714
Investment gains/(losses)		404,918	149,560	26,404	580,882	135,335
Net income		<u>336,732</u>	<u>256,225</u>	<u>26,404</u>	<u>619,361</u>	<u>8,538,049</u>
Defined benefit pension scheme (losses)/gains		169,000	-	-	169,000	(709,000)
Net movement in funds		<u>505,732</u>	<u>256,225</u>	<u>26,404</u>	<u>788,361</u>	<u>7,829,049</u>
Balance brought forward at 1 September 2016		<u>8,789,453</u>	<u>1,662,071</u>	<u>237,067</u>	<u>10,688,591</u>	<u>10,688,591</u>
Balance carried forward at 31 August 2017		<u>9,295,185</u>	<u>1,918,296</u>	<u>263,471</u>	<u>11,476,952</u>	<u>10,688,591</u>

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

LONDON SCHOOL OF THEOLOGY

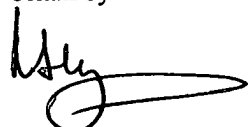
BALANCE SHEET

AS AT 31 AUGUST 2017

Company Registered No: 381332

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	5	1,630,318	1,075,526
Investments	6	7,680,816	1,579,893
		<u>9,311,134</u>	<u>2,655,419</u>
CURRENT ASSETS			
Stocks	7	9,046	15,683
Debtors	8	271,757	549,426
Cash at bank and in hand		3,767,121	9,619,303
		<u>4,047,924</u>	<u>10,184,412</u>
CURRENT LIABILITIES			
Creditors: within one year	9	(770,106)	(726,240)
NET CURRENT ASSETS		<u>3,277,818</u>	<u>9,458,172</u>
NET ASSETS (excluding pension scheme liability)		<u>12,588,952</u>	<u>12,113,591</u>
Pension scheme liability		<u>(1,112,000)</u>	<u>(1,425,000)</u>
NET ASSETS AFTER PENSION SCHEME LIABILITIES		<u>11,476,952</u>	<u>10,688,591</u>
FUNDS			
Unrestricted	11	10,407,185	10,214,453
Restricted	11	1,918,296	1,662,071
Endowment	11	263,471	237,067
Funds (excluding pension scheme reserve)		<u>12,588,952</u>	<u>12,113,591</u>
Unrestricted pension reserve (deficit)		<u>(1,112,000)</u>	<u>(1,425,000)</u>
		<u>11,476,952</u>	<u>10,688,591</u>

The financial statements were approved and authorised for issue by the Board on 25th April 2018 and were signed on its behalf by



Mr Steve Hughes
(Chairman)

LONDON SCHOOL OF THEOLOGY

CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2017

	2017	2016
	£	£
Reconciliation of changes in resources to net cash inflow from operating activities		
Net incoming/(outgoing) resources for the year	38,479	8,402,714
Depreciation charged	76,710	59,841
Decrease in stocks	6,637	429
Decrease/(increase) in debtors	277,669	(245,096)
Decrease in creditors	287,977	(32,776)
(Increase)/decrease in pension scheme deficit net of actuarial gains and losses	(144,000)	(45,000)
Less investment income	(173,823)	(54,319)
Less gain on disposal	-	(8,850,000)
	<u>331,170</u>	<u>(9,166,921)</u>
Net cash flow from operating activities	369,649	(764,207)
Investing activities		
Investment income	173,823	54,319
Additions to investments	(5,520,041)	-
Purchase of tangible fixed assets	(631,503)	(45,757)
Disposal of fixed assets	-	8,850,000
	<u>(5,977,721)</u>	<u>8,858,562</u>
(Decrease)/increase in cash in the year	(5,608,072)	8,094,355
Cash and cash equivalents at the beginning of the year	9,375,193	1,280,838
Cash and cash equivalents at the end of the year	<u>3,767,121</u>	<u>9,375,193</u>
Cash and cash equivalents comprise:		
Cash at bank	3,767,121	9,619,303
Bank overdraft	-	(244,110)
	<u>3,767,121</u>	<u>9,375,193</u>

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

1. COMPANY STATUS

London School of Theology is a charitable company incorporated in England and Wales. Further company information can be found on page 1.

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 and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2015), the Companies Act 2006 and FRS102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

London School of Theology meets the definition of a public benefit entity under FRS 102. The comparative figures in these financial statements relate to the year ended 31 August 2016.

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

(a) *Basis of accounting*

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

(b) *Fees and similar income*

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

(c) *Legacies*

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

(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) *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.

2. ACCOUNTING POLICIES (continued)

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 14. Constructive obligations under pension arrangements are also recognised as liabilities.

(g) ***Grants and bursaries***

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

(h) ***Investments and investment income***

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

(i) ***Interest receivable***

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

(j) ***Tangible fixed assets***

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

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

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

2. ACCOUNTING POLICIES (continued)

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.

(k) *Stock*

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

Useful lives of fixed assets

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

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

3. EXPENDITURE	Raising funds £	Charitable Activities £	Total 2017 £	Total 2016 £
Direct costs	22,874	520,594	543,468	773,791
Staff costs	70,624	1,746,130	1,816,754	1,927,834
Depreciation	1,712	83,888	85,600	59,841
Bursaries and prizes	-	83,003	83,003	85,388
Support and governance costs	11,047	492,633	503,680	504,648
	<u>106,257</u>	<u>2,926,248</u>	<u>3,032,505</u>	<u>3,351,502</u>

Included in resources expended are the following:

The auditor's remuneration during the year amounted to £11,800 for audit services (2016: £10,750) and £nil for other services (2016: £2,250).

Hire of plant (operating leases) which amounted to £27,572 (2016: £27,572).

4. STAFF COSTS	2017 £	2016 £
Wages and salaries	1,452,691	1,573,666
Social security costs	123,670	114,048
Pension contributions	122,450	105,648
Other pension costs	68,293	120,985
Termination payments	49,650	13,488
	<u>1,816,754</u>	<u>£1,927,834</u>

Two members of the London School of Theology, who are trustees and directors for the purposes of the Companies Act, Johnny Douglas and Alex Irving received £43 and £140 respectively for delivering lectures during the year. No other trustees received any remuneration or reimbursement of expenses during the year ended August 2017.

	2017 No.	2016 No.
The average number of employees by function was:		
Education	61	58
Fund-raising and publicity	2	2
Ancillary to main function of education	1	1
	<u>64</u>	<u>61</u>

No employees earned more than £60,000 (2016: one).

Key management personnel remuneration for the period totalled £190,229 (2016: £215,273).

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

5. FIXED ASSETS	Freehold and leasehold property £	Motor Vehicles £	Fixtures, fittings & equipment £	Total 2017 £
Cost				
At 1 September 2016	1,287,768	3,676	530,439	1,821,883
Additions	-	-	631,503	631,503
At 31 August 2017	1,287,768	3,676	1,161,942	2,453,386
Depreciation				
At 1 September 2016	329,748	3,676	412,933	746,357
Charge for the year	-	-	76,711	76,711
At 31 August 2017	329,748	3,676	489,644	823,068
Net Book Value				
At 31 August 2017	958,020	-	672,298	1,630,318
At 31 August 2016	958,020	-	117,506	1,075,526

6. FIXED ASSETS INVESTMENTS	2017 £	2016 £
Market value at 1 September 2016	1,579,893	1,444,558
Additional funds placed in year	5,500,000	-
Investment income reinvested in the period	20,041	-
Revaluation in the year	580,882	135,335
Market value at 31 August 2017	7,680,816	1,579,893
Cost of investments	6,086,421	586,421

The School's investments comprise historical holdings of Charinco and Charishare Tobacco Restricted units, managed by BlackRock Life Limited, with a total value as at 31 August 2017 of £1,756k and mixed portfolio of listed investments managed by JM Finn & Co., with a total value as at 31 August 2017 of £5,925k. None of the individual holdings within the JM Finn portfolio is individually significant.

7. STOCKS	2017 £	2016 £
Catering and other sundry stocks	9,046	15,683
8. DEBTORS	2017 £	2016 £
Fee debtors	115,790	113,974
Other debtors	134,324	424,451
Prepayments	21,643	11,001
	271,757	549,426

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

9. CREDITORS: amounts falling due within one year	2017 £	2016 £
Bank overdraft	-	244,110
Trade creditors	411,060	98,528
Deferred income – payments received on account	212,659	205,253
Social security costs	33,602	33,010
Pension scheme contributions	5,480	4,100
Other creditors	64,876	107,456
Accruals	42,429	33,783
	<u>770,106</u>	<u>726,240</u>

Deferred income comprises:

	Balance at 1 September 2016	Receipts in the year	Credited to income in the year	Balance at 31 August 2017
Fees in advance	43,199	209,805	(112,906)	140,098
Open learning fees	<u>162,054</u>	<u>22,615</u>	<u>(112,108)</u>	<u>72,561</u>
	<u>205,253</u>	<u>232,420</u>	<u>(225,014)</u>	<u>212,659</u>

10. FINANCIAL INSTRUMENTS	2017 £	2016 £
Financial assets measured at fair value	<u>11,447,937</u>	<u>11,199,196</u>
Financial assets measured at amortised cost	<u>250,114</u>	<u>538,425</u>
Financial liabilities measured at amortised cost	<u>481,416</u>	<u>210,084</u>

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

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

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

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

11. GENERAL AND SPECIAL FUNDS	Balance at 1 September 2016 £	Incoming Resources £	Gains/ (Losses) £	Balance at 31 August 2017 £
11.1 Endowment Funds				
Montague Goodman Bursary	96,111	-	10,705	106,816
Jomac Hennell Bursary	30,881	-	3,439	34,320
Sir John Laing Memorial	96,470	-	10,745	107,215
Sir John Laing Lecture	13,605	-	1,515	15,120
	<u>237,067</u>	<u>-</u>	<u>26,404</u>	<u>263,471</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 2016 £	Income £	Expenditure/ Fund transfers £	Gains/ (Losses) £	Balance at 31 August 2017 £
11.2 Unrestricted Funds					
General fund	10,214,453	2,881,316	(8,593,502)	-	4,502,267
Designated fund	-	-	5,500,000	404,918	5,904,918
Pensions reserve	(1,425,000)	-	144,000	169,000	(1,112,000)
	<u>8,789,453</u>	<u>2,881,316</u>	<u>(2,949,502)</u>	<u>573,918</u>	<u>9,295,185</u>

During the year it was agreed that £5,500,000 of proceeds from the land sale in 2016 would be invested with JM Finn and transferred to a designated fund.

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

11. GENERAL AND SPECIAL FUNDS (continued)

11.3	Restricted funds	Balance at 1 September 2016 £	Income £	Expenditure £	Gains £	Balance at 31 August 2017 £	Purpose of fund
	Henman Memorial Bursary	473,169	13,126	-	46,373	532,668	For student bursaries
	Student Grant Bursary	805,817	20,748	(9,151)	78,973	896,387	For student bursaries
	Graham Scholarship	148,327	3,748	-	14,537	166,612	For student bursaries
	Mary Fisher Memorial	38,734	915	-	3,796	43,445	For student bursaries
	Laing Scholarship	1,368	18,750	(5,546)	-	14,572	For research students scholarship
	Jerusalem Trust	-	30,000	(30,000)	-	-	For online education
	Student Wives Bursary	56,664	1,378	-	5,553	63,595	For study support for Students' spouses
	Music and Worship Bursary	9,125	9,909	-	-	19,034	For bursaries to music and worship students
	Students in Need Fund	-	64,512	(36,856)	-	27,656	For students in need
	Reading Prize Fund	234	-	(50)	-	184	For annual prizes
	Sir Eric Richardson Prize	261	17	(100)	26	204	For annual prizes
	Griffiths Prize	3,081	68	(50)	302	3,401	For annual prizes
	Faculty Hardship Fund	958	-	-	-	958	For faculty members
	Children Workers Course	1,759	-	-	-	1,759	For the development of Children's ministry
	Henman Internet Fund	4,013	-	-	-	4,013	For the development of IT projects by LST research students.
	Tom Rees Evangelist in residence	10,448	-	-	-	10,448	For funding an evangelist in residence
	Vaux sur Seine	5,224	-	-	-	5,224	For the translation of open learning resources into French
	Building Development Fund	11,868	17,397	-	-	29,265	For School development projects
	Alumni Fund	19,262	1,540	-	-	20,802	For LST alumni events
	Alumni Bursary Fund	32,298	500	-	-	32,798	For student bursaries
	Greg Parsons Prize Fund	32	-	(32)	-	-	For the provision of an annual prize
	Hebrew Prize	770	-	(50)	-	720	For high attainment in Hebrew language studies
	Other restricted funds	21,598	-	-	-	21,598	For various restricted purposes
	Endowment Income Accounts						
	Montague Goodman Bursary	6,658	2,862	-	-	9,520	For student bursaries
	Jomac Hennell Bursary	4,099	920	-	-	5,019	For student bursaries
	Sir John Laing Memorial	7,963	2,873	-	-	10,836	For student bursaries
	Sir John Laing Lecture	(1,659)	405	(1,168)	-	(2,422)	For the annual memorial lecture
	Total	<u>1,662,071</u>	<u>189,668</u>	<u>(83,003)</u>	<u>149,560</u>	<u>1,918,296</u>	

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund balances at 31 August 2017				
Represented by:				
Tangible fixed assets	1,630,318	-	-	1,630,318
Investments	5,924,959	1,492,386	263,471	7,680,816
Current assets	3,622,014	425,910	-	4,047,924
Current liabilities	(770,106)	-	-	(770,106)
	<u>10,407,185</u>	<u>1,918,296</u>	<u>263,471</u>	<u>12,588,952</u>
Pension Scheme liabilities	(1,112,000)	-	-	(1,112,000)
	<u>9,295,185</u>	<u>1,918,296</u>	<u>263,471</u>	<u>11,476,952</u>

13. CORPORATION TAX

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

14. 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 £88,408 (2016: £105,658). At 31st August there were £5,480 of outstanding contributions (2016: £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 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. Additional contributions of £170,000 were made in the year. Barnett Waddingham LLP have provided actuarial advice to the Governors.

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

14. PENSION COMMITMENTS (continued)

Non Scheme Pension Provision

In addition to the Scheme liabilities there is a potential liability of £43,000 (2016: £72,000) for discretionary pension benefits if such payments continued to be made over the lives of the beneficiaries at the present rate. These beneficiaries may include retired members of staff who are not members of the Scheme. These benefits are paid from the School's general fund and not from the Scheme itself.

The Scheme's net liability of £1,069,000 plus the non-scheme provision of £43,000 results in a reserve deficit of £1,112,000.

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

	2017 £000's	2016 £000's
Scheme assets at year end	5,014	5,167
Defined benefit obligation	(6,083)	(6,520)
	<u>(1,069)</u>	<u>(1,353)</u>
Actuarial gains/losses comprise:		
Loss/(gain) on scheme assets in excess of interest	81	(569)
Loss/(gain) from change in assumptions	(221)	1,278
	<u>(140)</u>	<u>709</u>
Analysis of amounts charged to activity costs categories:		
	2017 £000's	2016 £000's
Bank and other interest/(other finance charges)		
Interest on scheme assets	(107)	(170)
Interest cost	133	195
	<u>26</u>	<u>25</u>
Change in scheme liabilities		
Beginning balance	(6,520)	(5,215)
Interest cost	(133)	(195)
Gains/(losses) from changes in actuarial assumptions	221	(1,278)
Benefits paid	349	168
Closing balance	<u>(6,083)</u>	<u>(6,520)</u>
Change in scheme assets		
Beginning balance	5,167	4,526
Interest on scheme assets	107	170
Return on assets in less interest	(81)	569
Contributions by employer	170	70
Benefits paid	(349)	(168)
Closing balance	<u>5,014</u>	<u>5,167</u>

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

14. PENSION COMMITMENTS (continued)

The major categories of the scheme assets are as follows:

	31 August 2017		31 August 2016	
	% of assets	Fund value £000s	% of assets	Fund value £000s
Equities and other growth assets	44%	2,222	46%	2,377
Bonds and cash	56%	2,792	54%	2,790
Total assets at end of year		<u>5,014</u>		<u>5,167</u>

	2017 £000s	2016 £000s
Actual return on scheme assets	<u>26</u>	<u>739</u>

The value of the Scheme's liabilities has been determined by a qualified actuary based on the results of the actuarial valuation as at 5 April 2015, updated to the review date allowing for cashflows in and out of the scheme and using the following assumptions:

Actual assumptions used:	2017 %	2016 %
Discount rate	2.50%	2.10%
Rate of increase in pensions in payment	3.35%	3.00%
Rate of increase in pensions in deferment	2.40%	2.10%
Rate of RPI price inflation	3.40%	3.00%
Rate of CPI price inflation	2.40%	2.10%
Post – retirement mortality	110% S2PA	100% S2PXA
Mortality projection	CMI 2016 [1%]	CMI 2014 [1%]

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

Sensitivity analysis

Impact on the value of liabilities of:

Reduction of 0.1% in the Discount Rate	£87k increase
Increase of 0.1% in inflation assumption	£36k increase
Increase in mortality projection from 1.0% to 1.5% long-term rate of improvement	£106k increase

15. LEASING COMMITMENTS

At 31 August 2017, the School was committed to making the minimum lease payments in respect of hire of machinery:

Operating leases which expire:	2017 £	2016 £
Within 1 year	27,572	27,572
Within 2 to 5 years	34,462	62,037
	<u>62,034</u>	<u>89,609</u>

LONDON SCHOOL OF THEOLOGY

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2017

16. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment £	Total 2016 £
INCOME FROM					
Donations and legacies		272,918	104,703	-	377,621
Charitable activities					
Education		2,319,230	-	-	2,319,230
Conferences		8,187	-	-	8,187
Investments		27,991	26,328	-	54,319
Trading income		34,969	-	-	34,969
Other income		109,890	-	-	109,890
Gain on disposal of fixed assets		8,850,000	-	-	8,850,000
Total Income		<u>11,623,185</u>	<u>131,031</u>	<u>-</u>	<u>11,754,216</u>
EXPENDITURE ON					
<i>Raising Funds</i>					
Investment manager fee		-	-	-	-
Trading expenses		37,491	-	-	37,491
Fundraising costs		53,236	-	-	53,236
Charitable activities					
Education		3,144,955	85,388	-	3,230,343
Conferences		30,432	-	-	30,432
Total Expenditure	3	<u>3,266,114</u>	<u>85,388</u>	<u>-</u>	<u>3,351,502</u>
Net income before transfers		8,357,071	45,643	-	8,402,714
Investment gains/(losses)		-	115,028	20,307	135,335
Net income		<u>8,357,071</u>	<u>160,671</u>	<u>20,307</u>	<u>8,538,049</u>
Defined benefit pension scheme (losses)		(709,000)	-	-	(709,000)
Net movement in funds		<u>7,648,071</u>	<u>160,671</u>	<u>20,307</u>	<u>7,829,049</u>
Balance brought forward at 1 September 2015		<u>1,141,382</u>	<u>1,501,400</u>	<u>216,760</u>	<u>2,859,542</u>
Balance carried forward at 31 August 2016		<u>8,789,453</u>	<u>1,662,071</u>	<u>237,067</u>	<u>10,688,591</u>