



London School of Theology



Report and Financial Accounts

2020

Company Registered No: 381332
Registered Charity No: 312778

Year ended 31 August 2020

Report and Financial Accounts

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



20

2019-2020



We are committed
to offering the
highest standard of
education.

Introduction from the Principal

Welcome

I write this introduction as I come towards the end of my first year as Principal of London School of Theology. I want to say that it is an immense privilege to be called into this role. I am humbled to be the new Principal.

I would like to be able to say that everything has been straightforward and easy in my first year. I had just about settled in, having moved back from Virginia, USA, when a global pandemic hit with considerable force and all of our on-campus life was moved online in the space of a week. I was enormously grateful for the way that staff and faculty responded to the crisis and did what was needed to enable us to complete our work for the academic year.

Sadly, our graduation was postponed until December, and then postponed again until next summer, following the news of a second lockdown period. The summer break was also short because of the need to progress students and to get ready for the next academic year. We finished our final assessment board the week before the arrival of our new students. Nevertheless, and despite the extra demands this Covid-19 season has brought, we started the new academic year very well, with a wonderful group of new students, for which we thank God.

My experience of talking with students suggests that, despite the obvious strains and stresses, they are doing very well overall. There is a genuine appreciation by on-campus student of our desire to teach in a hybrid manner (on-campus and online simultaneously) when so many universities and colleges have simply moved online. We have also noticed an increased take-up of our online delivery, which is very encouraging. So, it seems, we are benefitting from both modes of delivery this year.

As I have become established in the role, it is clear to me that LST continues to work from within its heritage as an Evangelical institution. As such, it is committed to the supreme authority of Scripture in matters of faith and doctrine, while it also functions like a university college, being committed to the highest academic standards. In other words, LST integrates authentic Evangelical spirituality with rigorous intellectual enquiry. In this regard it continues to deliver the original vision articulated by those who started the School in 1943.

I am so grateful to all my colleagues, my executive team, trustees, faculty and staff, for working with me to ensure the success of the School. Recently, I have been reminded of the old London Bible College motto: "Set your mind on things above" (Col. 3.2), which I have reinstituted for the School's use. In this text, Paul reminds his readers that their identity is in Christ first and foremost. We are reminded of the same reality today. Whatever the circumstances, we exist to serve the Lord Jesus Christ and his Church. May we continue in his service for the glory of his name!



The Revd Professor Mark J. Cartledge
Principal

Bringing
theology
within reach
for students
around the
globe.



2019 - 2020

At A Glance

Income & Expenditure

Year ended 31 August

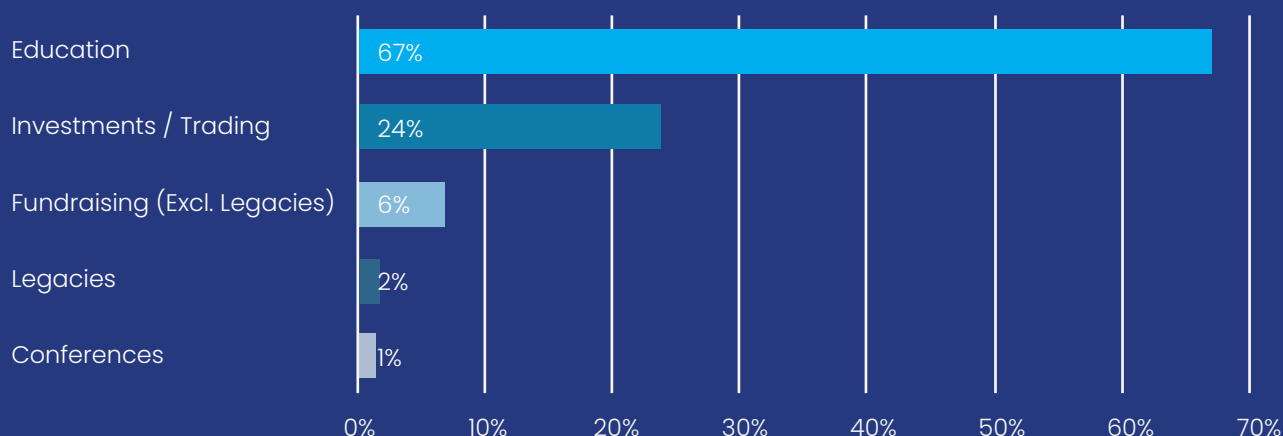
	2020	2019
	£'000	£'000
Income	3,627	3,359
Expenditure	(3,594)	(3,724)
Net income / (losses)	33	(365)
Pension scheme losses	(80)	(604)
Investment (losses) / gains	(57)	178
Net movement in funds	(104)	(791)

Balance Sheet

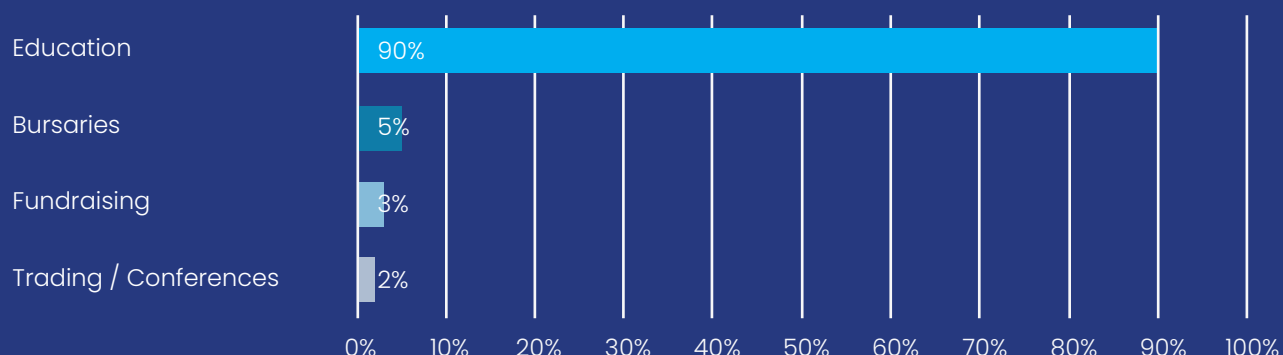
Balance at 31 August

	2020	2019
	£'000	£'000
Tangible assets	2,071	2,284
Investments	8,594	9,221
Net current assets	1,371	589
	12,036	12,094
Creditors > than 1 year	(4)	(52)
Pension scheme liability	(1,012)	(918)
Net assets	11,020	11,124

Our Income



Our Expenditure



2019 - 2020

What We Achieved

London School of Theology graduated 72 undergraduate level qualifications

London School of Theology graduated 72 undergraduate students (Certificate, Diploma and BA Degree programmes) in Theology, Theology & Counselling, Theology & Music, and Theology, Music & Worship.

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

London School of Theology graduated 19 postgraduate qualifications

London School of Theology graduated 19 postgraduate students across the MA in Aspects & Implications of Biblical Interpretation, MA in Integrative Theology and MA in Theological Education programmes.

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

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

London School of Theology graduated 13 research qualifications

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

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

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

2019 - 2020

Plans for 2020–2021

With the arrival of our new Principal in January, consideration was given to the development of a new five-year strategy. No sooner had initial discussions taken place, than the Covid-19 pandemic struck and the first national lockdown forced this to be put on hold, while attention turned to switching educational delivery fully online from the last week of the Spring term. The campus remained closed throughout the summer term, but there was no let up to the matter of delivering a first class education to our students and our staff ensured other business continued as normal, especially in the area of student recruitment. With a large contingent of new students successfully signed up, we were very keen to return to face to face teaching and residential life back on campus for those who wanted it for the beginning of the new academic year and with suitable precautions in place this was achieved and the college remained open for the entire Autumn term.

As we look forward, our plans for the year ahead are to:

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

Student Life

We are committed to offering the highest standard of education

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

We are a resource for the local Church

Covid restrictions permitting, London School of Theology continues to seek to equip local churches in multiple ways: through public lectures and partnership in mission, including offering students for placements. Our faculty and staff teach and preach in local churches across the country and around the world. When the campus is open, we also make our wide range of seminar rooms, excellent catering and newly renovated accommodation available at competitive rates to churches, charities and Christian organisations.

We have an Alumni Association across the world

London School of Theology is one of the largest, most diverse theological colleges in Europe, with over 7,000 alumni across 40 countries. As our alumni continue to make meaningful contributions to the Church worldwide, the Alumni Association helps to maintain valuable connections to the School, faculty and classmates, as well as provide them with appropriate resources. We are confident that our newly launched Alumni website <https://alumni.lst.ac.uk> will be instrumental in facilitating this still further.

2019 - 2020

What Our Students Say

What surprised me the most about London School of Theology is not just my spiritual transformation but my character transformation too.



Annabelle Adams – Graduate

What surprised me the most about London School of Theology is not just my spiritual transformation, but my character transformation too. When starting LST, I was new to the Christian lifestyle but confident in who I was; when leaving LST, I was firmly grounded in my theology which consequently made me not only confident but secure in who I was.

This growth of character didn't just come from being challenged and encouraged to explore my current theology, coming face to face with misconceptions and, let's be honest, the things I was willing to ignore; but rather, my character grew from the community and support that LST is unique in. The willingness to help you through one of the most foundational journey's any Christian could ever do still astounds me to this day. The ability for a place of study where a majority of faculty and staff share the same groundwork is so powerful, because it means any questions that you may have it's almost certain you can find someone else who has either journeyed through it or has the same question as you. You are never alone at LST.

I have said and still will continue to say, have you really studied Theology if you haven't had a breakdown? It is hard, of course it is, but I was safe at LST, I was allowed to have breakdowns at LST because I knew that there would always be someone there to help me through it, whether it was to do with my studies or just the confusing and complicated journey of life. I have so many thanks for the London School of Theology, for not only allowing me to be vulnerable and giving me opportunities to lead mission trips around Europe but mostly for allowing me the space to grow my own Father-Daughter relationship with God in the purest way. I am so thankful.

2019 - 2020

What Our Students Say



Matthew Whyte – Master of Theology Student

Studying at London School of Theology has been a formative and rewarding adventure. Where prior to my studies issues of faith and academia aroused concern and fear, after three years of undergraduate study, I have been stretched and nourished academically, to a point where my faith rests on firm foundations and a tangible theological method.

What appealed to me most in the application process was the broad range of subjects delivered through the degree – and that range has paid off significantly. Through my practical placement I enhanced my interpersonal skills and developed a vocation for church ministry. In lectures I discovered a passion for Old Testament, which has developed into Masters level research. Thanks to the holistic experience of a London School of Theology undergraduate degree, my faith, future, and passions have been forever challenged and impacted.

Joost van den Boogaard – BA Theology Student

My first year of studying Theology at London School of Theology exposed me to a wealth of ideas and perspectives on the Christian faith. This has been an exciting journey. The lecturers have expanded my knowledge and laid the groundwork for critical engagement. Beside the academic rigour, I'm continuously impressed at how the lecturers at London School of Theology encourage students to 'keep their balance' and keep investing in their personal and devotional life.

Now in my second year, I feel encouraged to take a deep dive and explore – even as I've had to study from a distance due to the global crisis. The LST faculty maintains a close relationship to their students, ready to provide academic and prayerful support. I feel I'm being challenged as I go into deeper theological waters – but I do so knowing that there will be 'oxygen' whenever I need it.



Year ended 31 August 2020

Report and Financial Statements

Company Name	London School of Theology
Company Number	381332
Registered Charity Number	312778
Address of School and Registered Office	London School of Theology Green Lane, Northwood, HA6 2UW
Bankers	National Westminster Bank Plc 159 High Street, Rickmansworth Herts, WD3 1AR
Auditors	Haysmacintyre LLP 10 Queen Street Place, London, EC4R 1AG
Solicitors	Pothecary Witham Weld 70 St George's Square, London, SW1V 3RD

Year ended 31 August 2020

Governors' Report

The Governors, who are the trustees and directors of the London School of Theology, have pleasure in presenting their report and the financial statements for the year ended 31 August 2020.

Statement of Governors' responsibilities in preparing the accounts

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

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

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

Preparation of accounts

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

Governance and management of the charity

Trustees

Governance and managament of the charity

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

Name	Honorary Position	Note
Mr Steve Hughes*	Chair of the Board	
Revd Dr Alex Irving		Until 06/20
Prof Hugh Williamson+	Chair of the AAC	
Mrs Margaret Doyle+	Vice-Chair of the Board	
Revd Johnny Douglas		
Canon Yemi Adedeji		
Mr Paul Smith*		
Mr Ian Thompson*	Chair of the F&GP	
Rt Revd Graham Cray		
Mrs Kate Meathrel		From 01/20
Mrs Susan Stapleford*		From 01/20
Revd Dr Jenni Williams		From 06/20
Prof Peter Oakes+		From 10/20

Attendees and Representatives

The following attended meetings of the Board of Governors:

Name	Position	Note
Revd Prof Mark Cartledge	Principal	From 01/20
Prof Graham Twelftree *+	Academic Dean	
	Acting Principal	Until 01/20
Mrs Kate Douglas*+	Academic Secretary, Director of Academic Support	

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

Governance and management of the charity (continued)

Name	Position	Note
Mr Jonathan Mead*	Director of Finance and Administration Company Secretary	
Dr John Dennis+	Faculty Representative	
Dr Graham McFarlane+	Faculty Representative	
Mr Mark Allen	Staff Representative	Until 10/19
Mrs Nisha Panicker	Staff Representative	Until 10/20
Mr Adam Freeth Wright	Staff Representative	From 10/20
Ms Clare Miller	Staff Representative	From 10/19
Miss Lydia Lee	Student Body President	Until 04/20
Mr Zac Lambert	Student Body Male Vice-President	Until 04/20
Miss Sophie La Bouchardiere	Student Body President	From 04/20
Mr Philip Hyde	Student Body Male Vice-President	From 04/20

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

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

Company Secretary

Mr Jonathan Mead

Methods of Recruitment of Trustees

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

Methods of Appointment

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

Training and induction provided for trustees

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

Governance and management of the charity (continued)

Senior Employees

Serving as the School's Executive Team during the year 2019/20:

Revd Prof Mark Cartledge	Principal (from 01/20)
Prof Graham Twelftree	Academic Dean and Acting Principal (to 01/20)
Mr Jonathan Mead	Director of Finance and Administration
Mrs Kate Douglas	Academic Secretary, Director of Academic Support

Statement of Corporate Governance

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

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

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

A full review of the governance of the charity was undertaken during the year with the assistance of an experienced external facilitator. No major concerns were identified, some specific process improvements have been put in place, and a further discussion will take place on outstanding items at a future meeting.

How the Charity is managed

The Executive Team (ExT) is the day-to-day decision-making body of the Charity, covering its full life and operations. The ExT meets regularly and is accountable to the Board of Governors.

Salaries of key staff are reviewed from time to time taking into account pay in comparable organisations and the finances of the Charity.

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

Internal Control

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

Governance and management of the charity (continued)

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

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

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

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

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

Fundraising approach and performance

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

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

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

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

The purpose of the Charity

Summary of the Objects of the Charity

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

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

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

Public Benefit of the Charity

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

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

Strategic Report

Aims, objectives and activities

Aims

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

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

Our Strategic Plan is an outworking of a deeper set of virtues by which its implementation is to be measured.

Strategic Report (continued)

Shaped by our understanding of what it means to be a community of disciples, we seek to embody virtues which reflect the Christ who calls us to follow him and the Spirit who empowers our work.

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

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

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

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

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

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

We achieve these aims

By:

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

Through:

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

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

Objectives

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

Activities

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

Key Objectives and Activities for 2019/20

- New Principal recruited and in post by the end of the year
- The Restoring Foundation targets met for the year

Strategic Report (continued)

- Student recruitment levels maintained at their current levels and retention percentages improved for all programs and forms of delivery
- Student Information System fully implemented for all LST courses and integrated with the School's VLE platform
- The Financial target of breakeven before depreciation met

Measures of Success and Outcomes in 2019/20

- Revd Prof Mark Cartledge started as principal on 1st January 2020
- Whilst many of the targets were met, due to the Covid pandemic a number were not and have either been rescheduled or deferred for further consideration as part of the new five year strategy to be developed in 2021
- Undergraduate recruitment improved along with some of the Masters programmes
- Rather than press ahead with further SIS development / integration it was decided to pause this and spend time ensuring the full functionality of the current system was fully understood and used
- With the onset of Covid efforts were made to preserve income and cut costs. With income not being impacted as much as had been expected and costs savings successfully made the College ended with an operating surplus before and after depreciation

Future Objectives and Activities for 2020/21

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

The operation of the Charity relations and affiliations

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

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

Risk Management Statement

The Charity's risk management strategy continues to be reviewed to identify the potential risks that could materially impact the Charity. The F&GP Committee reviews and monitors risk on a regular basis, taking direction from the risk evaluation undertaken by the school's departments during the year through a risk matrix. It seeks to mitigate identified risks on an on-going basis. The key risks facing the School are currently seen as compliance - failure to meet all of the third-party requirements (Educational, GDPR and Health and

The operation of the Charity relationships and affiliations (continued)

Safety related), financial, a failure to recruit or retain sufficient students or raise adequate 3rd party funding or investment returns, all combining in a failure to meet the budgeted income targets for the year. Actions to address these risks include for compliance, ensuring the Student Information System is fully implemented across all programmes, for retention the engagement of the Academic Board to understand the issues impacting this so they can be addressed and for recruitment the appointment of an admissions officer to ensure all applicants are promptly followed through the recruitment process. Regarding the investments, the F&GP Committee reviews the investments and their performance on a quarterly basis, the portfolio is actively monitored by its investment fund managers who are invited to attend the F&GP meeting once a year to discuss the market outlook and their investment approach for the year ahead to ensure they are on track to reach the required returns.

The purchase of appropriate insurance products is also used to protect the Charity's assets and operations. None of this could have prepared us for the Covid-19 pandemic however which had a significant impact on the School during the year. Due to the first lockdown the campus had to be closed one week before the end of the spring term and all teaching moved online for the rest of the academic year. The summer saw the cancellation of all our booked conferences with the loss of all associated income. The School was determined to re-open for the Autumn term with much time and effort put in to making the campus as safe as possible to minimise the risk of any of our students contracting the virus or bringing it onto campus. A Covid Response team was formed, a Covid marshal employed and the housekeeping team boosted to minimise the potential risks.

Dependence on Volunteers

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

Facilitating Access to Christian Theological Education

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

The finances of the Charity

Covid-19 has impacted most areas of the School with the finances being just one of them. A quick assessment was made at the beginning of the first lockdown as to what the possible impact might be on income and actions taken to try and match this by reducing costs. With the campus closed a number of employees had no work to perform (mainly catering and housekeeping) and were put on furlough, costs associated with running the site were reduced to the minimum and other overhead costs were also carefully controlled to achieve maximum savings. Not only did we successfully reduce costs compared to the budget by £350k the income side was not as seriously impacted as had been anticipated with investment and donation income both bouncing back and finally coming in close to budget, which just left conferencing as the one major area where a significant deficit against the budget was recorded. The outcome of higher than expected income and significantly lower costs was that rather than just breaking even before depreciation as budgeted, we ended the year with a small surplus before investment and

The finances of the Charity (continued)

defined pension fund losses. Regrettably the shadow of Covid still hangs heavily over us all and so there is no room for complacency and the position is being carefully monitored to ensure we continue to protect our finances going forward from any major impact.

Effective September 2019 as a provider without a TEF award, we have had to cap our undergraduate fees at or below the full time limit of £9,000 and the part time limit of £6,750. For our students it has meant that if eligible to claim a student loan, they can borrow 100% of the fees we charge.

Many of our students however are ineligible to apply for a student loan, having already completed another degree or being from overseas and where they struggle to cover their fees or other costs and face financial pressures they are assisted and encouraged to seek support from potential external sources. The Charity also has limited bursary funds available to assist those students in financial difficulties to complete their studies. To enable certain postgraduate students to access the School's programmes, it operates a discount fee rate for UK, EU & EEA countries as well as for international students from low-income countries.

Reserves

The total Unrestricted Funds amount to £10.1m (2019: £9.917m) before accounting for the pensions reserve deficit of £1,012k (2019: £918k). Included in these funds are £6.38m of designated income investments and functional fixed assets valued at £2.07m. Free reserves thus stand in surplus by £637k (2019: £463k).

This level of free reserve falls below the 20% target of annual unrestricted Funds expenditure. In order to achieve this target, the School has developed and is implementing a strategy to return regular surpluses based on the introduction of new and streamlined programs and improved operational efficiency. Notwithstanding the level of free reserves, the current size of designated funds gives the trustees confidence that the School remains a going concern.

The value and purposes of the School's various restricted funds are set out in note 13.3. The Trustees make use of these funds as opportunities arise.

Investments

Over the year the value of the School's fixed asset investments decreased by £627k to £8,594k (2019: increase of £131k) with £522k being divested and held in cash at the year end to provide additional funding to reduce the pension deficit in September 2020. Of this investment total £6.953m was invested with JM Finn investment managers with the balance in BlackRock Charities UK Equity and Bond Funds.

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

The School's investments are held in managed funds. The school operates an Ethical investment policy, which is based largely on the Church of England policy to ensure that the school's investments are held in companies and sectors that demonstrate a proper regard for the environment and for the well-being of the created order.

The finances of the Charity (continued)

Financial Results

Overall income increased from £3,359k to £3,628k (2019: decreased from £3,419k to £3,359k) mainly due to increased fee income resulting from higher student numbers. Expenditure in total decreased from £3,724k to £3,594k due to careful cost control measures put into place when the school had to move all its education online in March and it was felt that income might be materially impacted.

The result of income proving to be more resilient than expected and costs being successfully reduced, led to the SOFA showing an operational profit of £33k (2019: operational loss of £365k).

Investments were impacted leading to losses on investments of £57k (2019: gains £178k).

The continued decline in bond yields led to further actuarial losses of £80k (2019: losses of £604k). These combined resulted in a total net decrease in funds of £104k.

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

Future Plans

The delivery of a first class education to our students continues to be our principle aim. In the 2020 summer term all education had to be delivered online, in the Autumn term we successfully implemented all the measures necessary to re-open the campus and start the delivery of our classes back onsite. For those of our students and employees with underlying health conditions for whom it was not appropriate to return to campus, we introduced Hybrid teaching with the majority of classes jointly delivered in the classroom and on Zoom. Having successfully delivered classes fully online and now in a blended manner, we are confident that we can quickly adapt to whatever guidelines are imposed upon us for the rest of the year. We have to date had only a handful of Covid cases among our students and will shortly be opening a Lateral Flow Testing capacity on site which will enable us going forward to regularly test students and enhance our ability to minimise the cases of Covid in our students and employees and quickly isolate any outbreaks.

Independent Auditors

A resolution was made at the AGM in 2020 to reappoint Haysmacintyre LLP as auditors to the Charity. This appointment and the auditor's remuneration will be reviewed again at the AGM in 2021.

Statement of disclosure to Auditors

As far as the Trustees are aware:

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

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

Steve Hughes
Chairman
27th January 2021

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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

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

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.

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

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.

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 includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

- the strategic report and the directors' report which are included in the Governors' Report have been prepared in accordance with applicable legal requirements.

Opinion on other matters required by the Office for Students ("OfS")

- In our opinion, in all material respects: Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Where applicable, funds provided by the OfS, Research England, the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

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

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

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

Use of our report

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

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

10 Queen Street Place
London EC4R 1AG
27th January 2021

Statement Of Financial Activities

Year Ended 31 August 2020

		Unrestricted Funds	Restricted Funds	Endowment	Total 2020	Total 2019
		£	£	£	£	£
	Notes					
	Income From					
Donations and legacies		225,802	93,447	-	319,249	378,286
Charitable activities						
Education	3	2,887,241	-	-	2,887,241	2,539,674
Conferences		3,530	-	-	3,530	13,102
Investments		229,106	57,869	-	286,975	304,286
Trading income		24,863	-	-	24,863	49,447
Other income		105,665	-	-	105,665	74,294
Total Income		<u>3,476,207</u>	<u>151,316</u>	<u>-</u>	<u>3,627,523</u>	<u>3,359,089</u>
	Expenditure On					
	Raising Funds					
Investment manager fee		39,939	-	-	39,939	39,589
Trading expenses		45,906	-	-	45,906	49,151
Fundraising costs		55,082	-	-	55,082	57,822
Charitable activities						
Education		3,259,779	158,665	-	3,418,444	3,539,268
Conferences		34,950	-	-	34,950	38,565
Total Expenditure	4	<u>3,435,656</u>	<u>158,665</u>	<u>-</u>	<u>3,594,321</u>	<u>3,724,395</u>
Net expenditure before transfers		40,551	(7,349)	-	33,202	(365,306)
Investment gains/(losses)		<u>128,982</u>	<u>(158,062)</u>	<u>(27,905)</u>	<u>(56,985)</u>	<u>177,847</u>
Net income/ (expenditure)		<u>169,533</u>	<u>(165,411)</u>	<u>(27,905)</u>	<u>(23,783)</u>	<u>(187,459)</u>
Defined benefit pension scheme (losses)		<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>(604,000)</u>
Net movement in funds		<u>89,533</u>	<u>(165,411)</u>	<u>(27,905)</u>	<u>(103,783)</u>	<u>(791,459)</u>
Balance brought forward at 1 September 2019		<u>8,998,573</u>	<u>1,851,378</u>	<u>274,202</u>	<u>11,124,153</u>	<u>11,915,612</u>
Balance carried forward at 31 August 2020		<u>9,088,106</u>	<u>1,685,967</u>	<u>246,297</u>	<u>11,020,370</u>	<u>11,124,153</u>

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

Balance Sheet - as at 31 August 2020

		2020		2019	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7	2,071,084		2,284,528	
Investments	8	<u>8,593,927</u>		<u>9,220,839</u>	
			10,665,011		11,505,367
Current Assets					
Stocks	9	14,772		13,377	
Debtors	10	154,958		245,384	
Cash at bank and in hand		<u>1,843,491</u>		<u>908,730</u>	
		2,013,221		1,167,491	
Current Liabilities					
Creditors: within one year	11	<u>(641,883)</u>		<u>(578,980)</u>	
Net Current Assets			<u>1,371,338</u>		<u>588,511</u>
Total assets less current liabilities			12,036,349		12,093,878
Creditors: Amounts falling due after more than one year	12		(3,979)		(51,725)
Pension scheme liability			<u>(1,012,000)</u>		<u>(918,000)</u>
Net Assets After Pension Scheme Liabilities			<u>11,020,370</u>		<u>11,124,153</u>
Funds					
Unrestricted	13	10,100,106		9,916,573	
Restricted	13	1,685,967		1,851,378	
Endowment	13	<u>246,297</u>		<u>274,202</u>	
Funds (excluding pension scheme reserve)			<u>12,032,370</u>		<u>12,042,153</u>
Unrestricted pension reserve (deficit)			<u>(1,012,000)</u>		<u>(918,000)</u>
			<u>11,020,370</u>		<u>11,124,153</u>

The financial statements were approved and authorised for issue by the Board on 27th January 2021 and were signed on its behalf by:

Mr Steve Hughes
Chairman

Revd Prof Mark Cartledge
Principal

Cash Flow Statement

Year Ended 31 August 2020

	2020		2019	
	£	£	£	£
Reconciliation of changes in resources to net cash inflow from operating activities				
Net incoming /(outgoing) resources for the year		33,202		(365,306)
Depreciation charged	236,217		243,395	
Increase in stocks	(1,395)		(1,262)	
Decrease in debtors	90,426		48,678	
Increase in creditors	15,157		49,112	
Decrease in pension scheme deficit net of actuarial gains and losses	14,000		2,000	
Less investment income	(286,975)		(304,286)	
		67,430		37,637
Net cash flow from operating activities		100,632		(372,669)
Investing activities				
Investment income	286,975		304,286	
Additions to investments	(1,043,489)		(1,029,994)	
Sale of investments	1,613,416		1,076,701	
Purchase of tangible fixed assets	(22,773)		(73,569)	
		834,129		277,424
Increase/ (decrease) in cash in the year		934,761		(50,245)
Cash and cash equivalents at the beginning of the year		908,730		958,975
Cash and cash equivalents at the end of the year		1,843,491		908,730
Cash and cash equivalents comprise:				
Cash at bank		1,843,491		908,730
		1,843,491		908,730

Notes to the Financial Statements

Year Ended 31 August 2020

1. Company Status

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

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

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

2. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Companies Act 2006 and FRS102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland. .

London School of Theology meets the definition of a public benefit entity under FRS 102. The comparative figures in these financial statements relate to the year ended 31 August 2019.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, The Governors consider that there are no material uncertainties regarding the charity's ability to continue as a going concern. As part of this review specific consideration has been given to the possible impact Covid 19 might have on the School, its finances, cashflow as well as the potential risks and how these could be mitigated. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(a) *Basis of accounting*

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

(b) *Fees and similar income*

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

(c) *Legacies*

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

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

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

(e) Expenditure

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

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

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

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

Raising Funds

Fund-raising trading costs – 2%

Charitable activities

Education – 94%

Conferences – 4%

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

Costs of generating funds

Costs of generating voluntary income – 2%

Fund-raising trading costs – 0%

Charitable activities

Education – 96%

Conferences – 2%

Notes To The Financial Statements – Year Ended 31 August 2020

2. Accounting Policies (continued)

- (f) *Recognition of liabilities*
Liabilities are recognised in the period to which they relate. Shortfalls in anticipated future pension scheme commitments are calculated on the basis of assumptions stated in Note 16. Constructive obligations under pension arrangements are also recognised as liabilities.
- (g) *Grants and bursaries*
Grants and bursaries from Restricted Funds are included as expenditure in the period in which the award is given.
- (h) *Investments and investment income*
Investments are stated at the middle market price at the balance sheet date. Realised increases or decreases in the value of these investments are shown as realised gains or losses in the statement of financial activities. Investment income is accounted for in the period in which the charity is entitled to receive it.
- (i) *Interest receivable*
The cash holdings of the special funds are held in the general fund bank accounts. The interest receivable on these balances is based on each of the special funds holdings at the balance sheet date and transferred to the individual special funds as income in that year.
- (j) *Tangible fixed assets*
All assets are included at cost and capitalised only where the value is greater than £500.

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

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

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

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

- (k) *Stock*
Stocks of catering and other supplies are valued at the lower of cost and net realisable value.

Notes To The Financial Statements – Year Ended 31 August 2020

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

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

(m) Operating leases

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

(n) Pension costs**Defined Benefit Scheme**

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

Defined Contribution Scheme

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

(o) Critical sources of estimation uncertainty and accounting judgements

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

Useful lives of fixed assets

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

3. Grant and Fee Income

	2020	2019
	£	£
Grant income from the Office for Students	63,644	-
Fee income from taught awards	2,258,557	1,902,008
Fee income from non-qualifying courses	52,102	60,284
Other Educational and related income	512,938	577,382
	<u>2,887,241</u>	<u>2,539,674</u>

4. Expenditure

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

Notes To The Financial Statements – Year Ended 31 August 2020

4. Expenditure (continued)

	Raising Funds	Charitable Activities	Total
	£	£	£
Year Ended 31st August 2019			
Direct costs	51,312	561,625	612,937
Staff costs	79,987	1,955,034	2,035,021
Depreciation	4,868	238,527	243,395
Bursaries and prizes	-	247,561	247,561
Support and governance costs	10,395	575,086	585,481
	<u>146,562</u>	<u>3,577,833</u>	<u>3,724,395</u>

Included in resources expended are the following:

The auditor's remuneration during the year amounted to £11,650 for audit services (2019: £10,200) and £nil for other services (2019: £nil).

Hire of plant (operating leases) which amounted to £20,624 (2019: £29,755).

5. Staff Costs

	2020	2019
	£	£
Wages and salaries	1,730,790	1,700,468
Social security costs	152,138	146,005
Pension contributions	103,224	88,804
Other pension costs	61,907	79,094
Termination payments	11,250	20,650
	<u>2,059,309</u>	<u>2,035,021</u>

One member of the London School of Theology, who is a trustee and director for the purposes of the Companies Act, Alex Irving received £6,910 for writing lecture materials during the year. Two trustees received reimbursement of their travel expenses during the year. There were no other related party transactions during the year.

	2020	2019
	No.	No.
The average number of employees by function was:		
Education	62	61
Fund-raising and publicity	3	2
Ancillary to main function of education	1	1
	<u>66</u>	<u>64</u>

One employee earned between £60,000 and £70,000 during the year, no other employees earned more than £60,000 (2019: one employee earned between £60,000 and £70,000). Key management personnel remuneration for the period totalled £258,000 (2019: £257,811).

Notes To The Financial Statements – Year Ended 31 August 2020

5. Staff Costs (continued)

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

In 2019 Calvin Samuel filled the role of principal for just over 6 months and Graham Twelftree the role of acting principal for 6 months. Both were paid the standard principal's salary during this period of £75k p.a. plus pension contributions. Graham received £37,500 base salary plus £1,125 pension contributions and Calvin £40,000 plus £1,125 respectively. Calvin also received a payment in lieu of notice for an additional 3 months of £18,750 plus £562 of pension contributions. Both the principal's base salary and gross salary including pension contributions were 2.6 times the median pay of all other employees (on a FTE basis).

The Principal's remuneration is set by the chair and vice chair of trustees taking in to account his or her performance in meeting the goals set as part of the annual appraisal process. Consideration is also given to annual financial performance of the school and its ability to pay the amount agreed. The current salary has remained unchanged for a number of years, but with the change of principals during the year and therefore the limited timeframe in which to meet any goals set, no change was considered appropriate during the year.

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

6. Access and Participation

	2020	Per Plan
	£	£
Access investment	49,219	27,500
Success investment	63,634	76,250
Progression investment	32,115	11,250
Other Educational and related income	199,277	235,000
	<u>344,245</u>	<u>350,000</u>

Staff costs included in the above 126,454

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

<https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#/AccessPlans/accessplans/10004075>

Note: There are no prior year comparisons as 2019/20 was the first year LST was required to produce an APP.

Notes To The Financial Statements – Year Ended 31 August 2020

7. Fixed Assets

	Freehold and leasehold property	Motor Vehicles	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2019	1,287,768	3,676	2,282,938	3,574,382
Additions	-	-	22,773	22,773
Disposals	-	-	-	-
At 31 August 2020	<u>1,287,768</u>	<u>3,676</u>	<u>2,305,711</u>	<u>3,597,155</u>
Depreciation				
At 1 September 2019	371,184	3,676	914,994	1,289,854
Charge for the year	20,719	-	215,498	236,217
Disposals	-	-	-	-
At 31 August 2020	<u>391,903</u>	<u>3,676</u>	<u>1,130,492</u>	<u>1,526,071</u>
Net Book Value				
At 31 August 2020	<u>895,865</u>	<u>-</u>	<u>1,175,219</u>	<u>2,071,084</u>
At 31 August 2019	<u>916,584</u>	<u>-</u>	<u>1,367,944</u>	<u>2,284,528</u>

8. Fixed Assets Investments

	2020	2019
	£	£
Market value at 1 September 2019	9,220,839	9,089,699
New funds placed and invested in year	-	-
Additional investments purchased	1,043,489	1,029,994
Disposals at market value	(1,613,416)	(1,076,701)
Investment income reinvested in the period / movement in cash balances	-	-
Revaluation in the year	(56,985)	177,847
Market value at 31 August 2020	<u>8,593,927</u>	<u>9,220,839</u>
Cost of investments	<u>7,276,421</u>	<u>7,276,421</u>

The School's investments comprise historical holdings of BlackRock Charities UK Equity and Bond Funds, managed by BlackRock Life Limited, with a total value as at 31 August 2020 of £1,641,402 and mixed portfolio of listed investments managed by JM Finn & Co., with a total value as at 31 August 2020 of £6,952,526.

Notes To The Financial Statements – Year Ended 31 August 2020

9. Stocks

	2020	2019
	£	£
Catering and other sundry stocks	<u>14,772</u>	<u>13,377</u>

10. Debtors

	2020	2019
	£	£
Fee debtors	65,632	110,579
Other debtors	3,978	10,688
Prepayments	<u>85,348</u>	<u>124,117</u>
	<u>154,958</u>	<u>245,384</u>

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	184,076	69,690
Deferred income – payments received on account	168,152	180,372
Social security costs	36,511	37,487
Pension scheme contributions	14,176	12,061
Other creditors	80,732	88,943
Accruals	<u>158,236</u>	<u>190,427</u>
	<u>641,883</u>	<u>578,980</u>

Deferred income comprises:

	Balance at 1 September 2019	Receipts in the year	Credited to income in the year	Balance at 31 August 2020
Fees in advance	112,187	167,320	(132,692)	146,815
Open learning fees	<u>68,185</u>	<u>21,371</u>	<u>(68,219)</u>	<u>21,337</u>
	<u>180,372</u>	<u>188,691</u>	<u>(200,911)</u>	<u>168,152</u>

12. Creditors: amounts falling due after one year

	2020	2019
	£	£
Finance lease falling due 1-2 years	<u>3,979</u>	<u>51,725</u>
	<u>3,979</u>	<u>51,725</u>

13. General and Special Funds

	Balance at 1 September 2019 £	Income £	Gains/(Losses) £	Balance at 31 August 2020 £
13.1 Endowment Funds				
Montague Goodman Bursary	111,166	-	(11,313)	99,853
Jomac Hennell Bursary	35,718	-	(3,635)	32,083
Sir John Laing Memorial	111,582	-	(11,356)	100,226
Sir John Laing Lecture	15,736	-	(1,601)	14,135
	<u>274,202</u>	<u>-</u>	<u>(27,905)</u>	<u>246,297</u>
	Balance at 1 September 2018 £	Income £	Gains/(Losses) £	Balance at 31 August 2019 £
Montague Goodman Bursary	110,144	-	1,022	111,166
Jomac Hennell Bursary	35,389	-	329	35,718
Sir John Laing Memorial	110,556	-	1,026	111,582
Sir John Laing Lecture	15,591	-	145	15,736
	<u>271,680</u>	<u>-</u>	<u>2,522</u>	<u>274,202</u>

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

Notes To The Financial Statements – Year Ended 31 August 2020

	Balance at 1 September 2019	Income	Expenditure/ Fund transfers	Gains/ (Losses)	Balance at 31 August 2020
	£	£	£	£	£
13.2 Unrestricted Funds					
General fund	3,665,733	3,476,207	(3,421,656)	-	3,720,284
Designated fund	6,250,840	-	-	128,982	6,379,822
Pensions reserve	(918,000)	-	(14,000)	(80,000)	(1,012,000)
	<u>8,998,573</u>	<u>3,476,207</u>	<u>(3,435,656)</u>	<u>48,982</u>	<u>9,088,106</u>
	Balance at 1 September 2018	Income	Expenditure/ Fund transfers	Gains/ (Losses)	Balance at 31 August 2019
	£	£	£	£	£
General fund	3,988,217	3,152,350	(3,474,834)	-	3,665,733
Designated fund	6,089,798	-	-	161,042	6,250,840
Pensions reserve	(312,000)	-	(2,000)	(604,000)	(918,000)
	<u>9,766,015</u>	<u>3,152,350</u>	<u>(3,476,834)</u>	<u>(442,958)</u>	<u>8,998,573</u>

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

Notes To The Financial Statements – Year Ended 31 August 2020

13. General and special funds (continued)

13.3 Restricted Funds	Balance at 1 September 2019	Income	Expenditure	Losses	Balance at 31 August 2020	Purpose of fund
	£	£	£	£	£	
Henman Memorial Bursary	509,848	16,114	-	(49,383)	476,579	For student bursaries
Student Grant Bursary	884,083	25,570	-	(85,630)	824,023	For student bursaries
Graham Scholarship	145,690	4,601	-	(14,111)	136,180	For student bursaries
Mary Fisher Memorial	35,595	1,123	-	(3,448)	33,270	For student bursaries
Laing Scholarship	-	12,000	(12,000)	-	-	For research student scholarship
Jerusalem Trust	-	1,500	(1,500)	-	-	For online education
Student Wives Bursary	53,644	1,693	(6,988)	(5,196)	43,153	For study support for Students' spouses
Music and Worship Bursary	10,785	1,254	(11,835)	-	204	For bursaries to music and worship students
Students in Need Fund	23,981	42,912	(38,190)	-	28,703	For students in need
Reading Prize Fund	184	-	-	-	184	For annual prizes
Sir Eric Richardson Prize	394	17	-	(38)	373	For annual prizes
Griffiths Prize	2,646	83	-	(256)	2,473	For annual prizes
Faculty Hardship Fund	958	-	-	-	958	For faculty members
Children Workers Course	1,759	-	-	-	1,759	For the development of Children's ministry
David Wheaton Bursary	450	500	(399)	-	551	For the purchase of books
Maranatha Trust Scholarship	40,000	-	(18,000)	-	22,000	For overseas students to study for 1 year on site
Student Information System grant	6,912	-	(6,912)	-	-	To help cover the cost of implementing new SIS
Beacon Trust	6,000	4,000	(4,898)	-	5,102	To help support a student from Latin America
Henman Internet Fund	4,013	-	-	-	4,013	For the development of IT projects by LST research students.
Tom Rees Evangelist in residence	7,968	-	(1,280)	-	6,688	For funding an evangelist in residence
Vaux sur Seine	5,224	-	(3,000)	-	2,224	For the translation of open learning resources into French
Building Development Fund	-	1,310	(1,310)	-	-	For School development projects
Alumni Fund	22,645	344	(813)	-	22,176	For LST alumni events
Alumni Bursary Fund	25,581	-	(21,163)	-	4,418	For student bursaries
Hebrew Prize	520	-	-	-	520	For high attainment in Hebrew language studies
Other restricted funds	24,427	29,627	(30,377)	-	23,677	For various restricted purposes
Endowment Income Accounts						
Montague Goodman Bursary	16,181	3,514	-	-	19,695	For student bursaries
Jomac Hennell Bursary	7,159	1,130	-	-	8,289	For student bursaries
Sir John Laing Memorial	17,522	3,527	-	-	21,049	For student bursaries
Sir John Laing Lecture	(2,791)	497	-	-	(2,294)	For the annual memorial lecture
Total	1,851,378	151,316	(158,665)	(158,062)	1,685,967	

Notes To The Financial Statements – Year Ended 31 August 2020

13. General and special funds (continued)

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

14. Analysis of Net Assets Between Funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund balances at 31 August 2020				
Represented by:				
Tangible fixed assets	2,071,084	-	-	2,071,084
Investments	6,952,526	1,395,104	246,297	8,593,927
Current assets	1,722,358	290,863	-	2,013,221
Current liabilities	(641,883)	-	-	(641,883)
	<u>10,104,085</u>	<u>1,685,967</u>	<u>246,297</u>	<u>12,036,349</u>
Creditors due after more than 1 year	(3,979)	-	-	(3,979)
Pension Scheme liabilities	(1,012,000)	-	-	(1,012,000)
	<u>9,088,106</u>	<u>1,685,967</u>	<u>246,297</u>	<u>11,020,370</u>

15. Corporation Tax

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

16. Pension Commitments

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

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

Under the Group Personal Pension (GPP) the School pays contributions to personal pension policies for pensionable employees who joined the School after 1 April 2000. The pension cost charge represents contributions payable by the School to the personal pension policies and amounted to £103,224 (2019: £89,220). At 31st August there were £14,176 of outstanding contributions (2019: £12,061) payable to the personal pension policies.

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

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

Notes To The Financial Statements – Year Ended 31 August 2020

16. Pension Commitments (continued)

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

Non Scheme Pension Provision

In addition to the Scheme liabilities there is a potential liability of £36,000 (2019: £38,000) 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 £976,000 plus the non-scheme provision of £36,000 results in a reserve deficit of £1,012,000.

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

	2020	2019
	£000's	£000's
Scheme assets at year end	5,411	5,447
Present value of funded obligations obligation	(6,387)	(6,327)
	<u>(976)</u>	<u>(880)</u>
Actuarial gains/losses comprise:		
(Gain)/Loss on scheme assets in excess of interest	(89)	(341)
Loss/(gain) from change in assumptions	169	945
Experience losses/(gains) on liabilities	-	-
	<u>80</u>	<u>604</u>
Analysis of amounts charged to activity costs categories:		
	2020	2019
	£000's	£000's
Bank and other interest/ (other finance charges)		
Interest on scheme assets	(85)	(142)
Interest cost	<u>100</u>	<u>150</u>
	<u>15</u>	<u>8</u>

Notes To The Financial Statements – Year Ended 31 August 2020

16. Pension Commitments (continued)

Change in scheme liabilities	2020 £000s	2019 £000s
Beginning balance	(6,327)	(5,459)
Interest cost	(112)	(150)
(Losses)/gains from changes in actuarial assumptions	(169)	(945)
Experience losses/(gains) on liabilities	-	-
Benefits paid	221	227
Closing balance	<u>(6,387)</u>	<u>(6,327)</u>
Change in scheme assets		
Beginning balance	5,447	5,191
Interest on scheme assets	96	142
Return on assets in less interest	89	341
Contributions by employer	-	-
Benefits paid	(221)	(227)
Closing balance	<u>5,411</u>	<u>5,447</u>

The major categories of the scheme assets are as follows:

	31 August 2020		31 August 2019	
	% of assets	Fund value £000s	% of assets	Fund value £000s
Equities and other growth assets	44%	2,357	43%	2,344
Bonds and cash	56%	<u>3,054</u>	57%	<u>3,103</u>
Total assets at end of year		<u>5,411</u>		<u>5,447</u>
			2020 £000s	2019 £000s
Actual return on scheme assets			<u>185</u>	<u>483</u>

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

Notes To The Financial Statements – Year Ended 31 August 2020

16. Pension Commitments (continued)

Actual assumptions used:	2020	2019
	%	%
Discount rate	1.6%	1.8%
Rate of increase in pensions in payment	3.35%	3.35%
Rate of RPI price inflation	3.4%	3.4%
Rate of CPI price inflation	2.4%	2.4%
Post – retirement mortality	110% S2PA/ 105% S2PFA CMI 2017 [1%]	110% S2PA/ 105% S2PFA CMI 2017 [1%]

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

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	£31k increase
Increase in long-term mortality projection of 1.5%	£133k increase

17. Leasing Commitments

At 31 August 2020, the School was committed to making the minimum lease payments in respect of hire of machinery:

Operating leases which expire:	2020	2019
	£	£
Within 1 year	9,452	15,968
Within 2 to 5 years	25,396	1,638
	<u>34,848</u>	<u>17,606</u>

18. Comparative Statement of Financial Activities

	Unrestricted Funds £	Restricted Funds £	Endowment £	Total 2019 £
Income From				
Donations and legacies	227,347	150,939	-	378,286
Charitable activities				
Education	2,539,674	-	-	2,539,674
Conferences	13,102	-	-	13,102
Investments	248,486	55,800	-	304,286
Trading income	49,447	-	-	49,447
Other income	74,294	-	-	74,294
Total Income	<u>3,152,350</u>	<u>206,739</u>	<u>-</u>	<u>3,359,089</u>
Expenditure On				
Raising Funds				
Investment manager fee	39,589	-	-	39,589
Trading expenses	49,151	-	-	49,151
Fundraising costs	57,822	-	-	57,822
Charitable activities				
Education	3,291,707	247,561	-	3,539,268
Conferences	38,565	-	-	38,565
Total Expenditure	<u>3,476,834</u>	<u>247,561</u>	<u>-</u>	<u>3,724,395</u>
Net expenditure before transfers	(324,484)	(40,822)	-	(365,306)
Investment gains	161,042	14,283	2,522	177,847
Net (expenditure)/ income	<u>(163,442)</u>	<u>(26,539)</u>	<u>2,522</u>	<u>(187,459)</u>
Defined benefit pension scheme (losses)	<u>(604,000)</u>	<u>-</u>	<u>-</u>	<u>(604,000)</u>
Net movement in funds	<u>(767,442)</u>	<u>(26,539)</u>	<u>2,522</u>	<u>(791,459)</u>
Balance brought forward at 1 September 2018	<u>9,766,015</u>	<u>1,877,917</u>	<u>271,680</u>	<u>11,915,612</u>
Balance carried forward at 31 August 2019	<u>8,998,573</u>	<u>1,851,378</u>	<u>274,202</u>	<u>11,124,153</u>



Silence

EMERGENCY
EXIT

✓ Push bar to open



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Report and Financial Accounts

2020

Year ended
31 August 2020



Company
Registered No:
381332

Registered
Charity No:
312778