



REPORT

FINANCIAL STATEMENTS

LONDON SCHOOL OF THEOLOGY
YEAR ENDED 31ST AUGUST 2017



LONDON
SCHOOL OF
THEOLOGY



INTRODUCTION FROM THE PRINCIPAL

The School's Executive Team, in conversation with our Trustees, Staff and Faculty, have been drafting our next strategic plan which will come into effect in 2019.

This has required that we revisit our history and mission. It has required that we clarify what it is that we believe that we are called to be and to do as an institution. That work so far has led us to the following statement which we believe describes our identity and mission:

LST - World Class Worldwide: *To serve the Church of Jesus Christ by educating individuals, equipping churches, and engaging in leading research.*

Let's look at the defining terms within the statement:

World class: Worthy of comparison with the best theological institutions in the world.

Worldwide: An institution with a global reach in its recruitment and reputation preparing students to serve in the global Church, academy and marketplace.

Educating individuals: A gold-standard, transformational educational experience to develop the whole person.

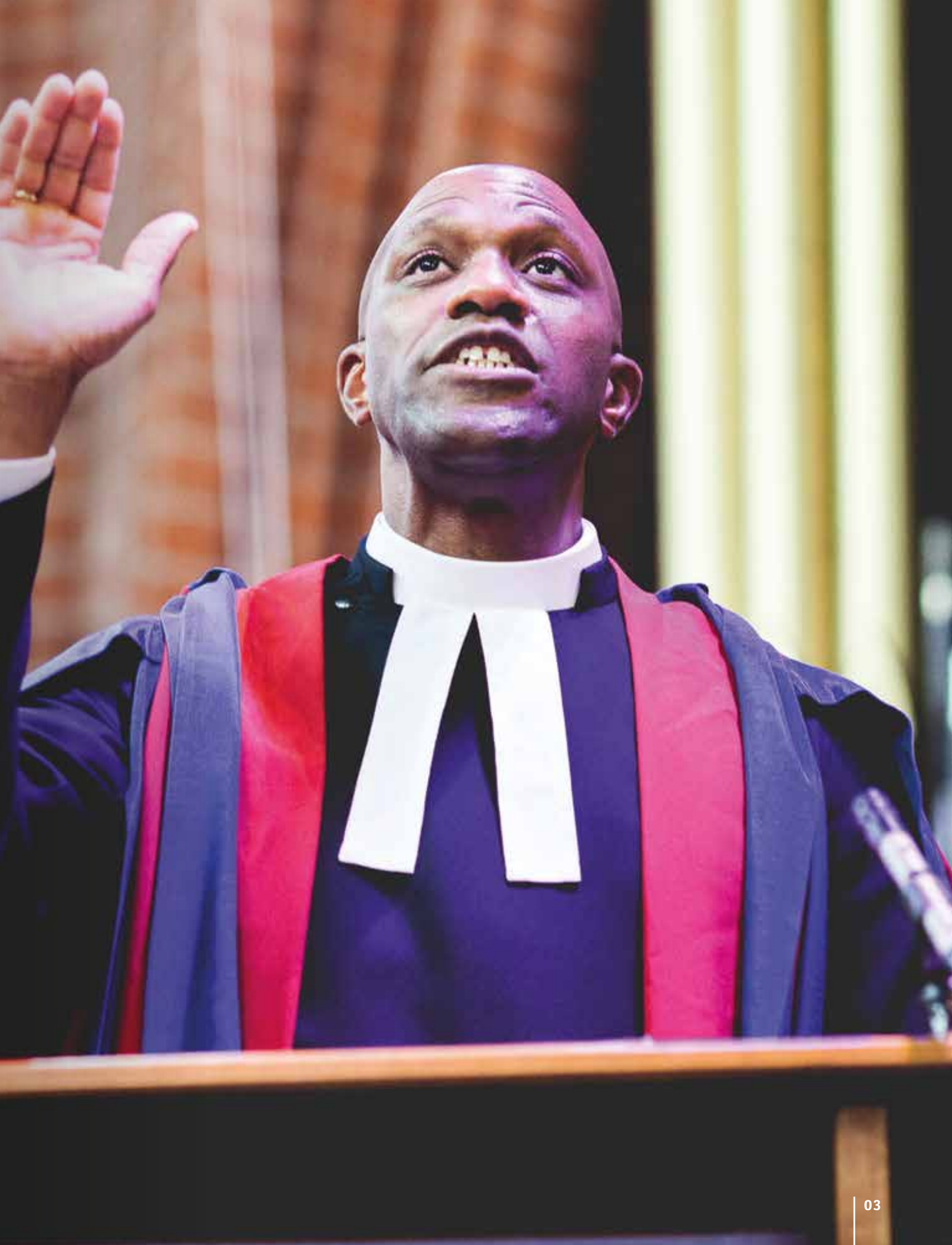
Equipping Churches: A generous School that offers resources for local churches, para-church organisations and other expressions of the church to resource them to make disciples of all nations.

Leading research: Engaged internationally at the highest level with research that enriches teaching and serves the Church.

In these statements we don't believe we are doing anything new. London School of Theology has been committed to these tasks for nearly 75 years.

We firmly believe that for the next 75 years we do not need to go off in a new direction but to become more firmly committed to this mission.

Calvin T Samuel BA, MBA, PhD
Principal





Our vision is for people of faith, called to Christian discipleship, to be equipped academically and spiritually to accomplish their vocational aspirations for God.



2016 - 2017 AT A GLANCE

Income & Expenditure

Year ended 31 August

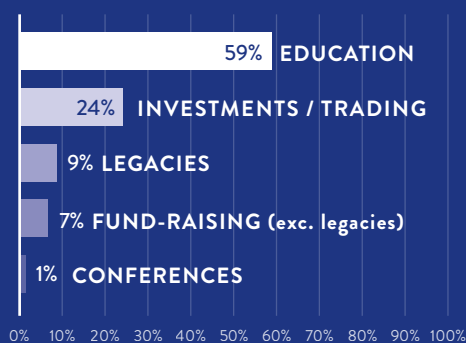
	2017 £'000	2016 £'000
Income	3,070	2,904
Expenditure	(3,032)	(3,351)
Net income / (loss)	38	(447)
Proceeds for property sales	-	8,850
Investment gains / (losses)	750	(574)
Net movement in funds	788	7,829

Balance Sheet

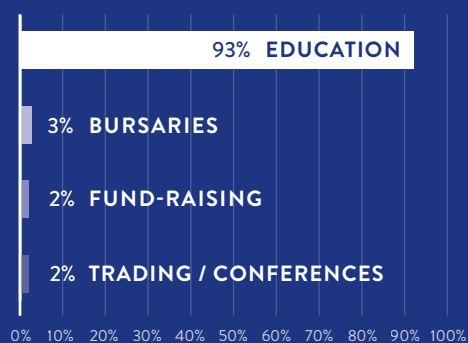
Balance at 31 August

	2017 £'000	2016 £'000
Tangible assets	1,630	1,076
Investments	7,681	1,580
Net current assets	3,278	9,458
	12,589	12,114
Pension scheme liability	(1,112)	(1,425)
Net assets	11,477	10,689

Our Income 2016-17



Our Expenditure 2016-17



EDUCATING
INDIVIDUALS

EQUIPPING
CHURCHES

ENGAGING
RESEARCH

2016 - 2017

WHAT WE ACHIEVED

LST GRADUATED 67 UNDERGRADUATE LEVEL QUALIFICATIONS

(Certificate, Diploma and BA Degree) in Theology, Theology & Counselling, Theology, Music & Worship and Theological Studies (distance learning).

Three Levels, across four programmes designed to train those looking to learn more about their faith. LST's programmes bring the opportunity to study the Bible in greater depth, with world-class scholars. Studying in a unique environment alongside students from all over the world and different denominations, each bringing their own perspective into the lecture hall.

The BA in Theology at LST is designed for people called with a view to serve churches, missions, schools and society at large. The programme is academically rigorous and enables students to gain a deeper understanding of Scripture and its relevance to the world around them. It addresses our changing cultural and intellectual climate and how the Christian faith relates incisively, relevantly and practically to society.

LST GRADUATED 18 POSTGRADUATE LEVEL QUALIFICATIONS

(Certificate, Diploma and BA Degree) in Theology, Theology & Counselling, Theology, Music & Worship and Theological Studies (distance learning).

Postgraduate study at LST equips students with skills of understanding, discovery, depth and determination. When they leave LST, graduates are enabled to teach others and make a positive difference in their lives; the qualification opens up significant employment opportunities in academia, Christian leadership and the professional world.

Each year the postgraduate students take up leadership roles all over the world. The majority of LST graduates can be found teaching in churches,

seminaries and university faculties around the world. Many have gone on to publish their thesis and develop research and writing careers. Others are pastors and well-known public speakers and denominational leaders whilst some have even gone on to establish think-tanks or become diplomats. As part of a larger student body of over 500 students from all over the world, of different ages and from various church denominations, LST's postgraduate centre is a unique and exciting place to study.

LST GRADUATED 8 RESEARCH QUALIFICATIONS

LST graduated 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 LST are expected to demonstrate critical knowledge of their chosen field; to show that they can test critical hypotheses by the methods appropriate to their

discipline; and to provide a comprehensive and rigorous study of their research areas.

Research degrees are not taught courses, although students may be asked to take a course of guided reading or attend relevant classes. Research students are assigned one or two supervisors (the number of supervisors depends on the topic) who have suitable expertise, and who will guide and advise them in their research.

WE NURTURE & SUPPORT OUR STUDENTS

LST is at the forefront of theological education designed to equip Christians for real life in the real world.

Today, more than ever, there is a need to train Christians to understand the Bible and learn how to apply this to the world around us. That is why we

have a range of Bursary funds set up and supported by generous benefactors who have a heart to help students in need of financial assistance.

LST IS WORKING TO UPGRADE ITS SITE & RESOURCES

During the year all the onsite student accommodation was refurbished to a high standard to serve the needs of our 21st century students.

In 2017-18, we will continue to upgrade the site as part of an ongoing program of improvements.

LST IS A RESOURCE FOR THE CHURCH

LST is an ideal location to escape the hustle and bustle of city life, yet within easy reach of St Albans, Windsor, Oxford and central London which is just 30 minutes away by Tube (Metropolitan Line).

We make our wide range of seminar rooms, excellent catering, newly renovated accommodation and space to relax available at competitive rates for churches, charities and Christian organisations.







PLANS FOR 2017 - 2018

We are currently developing a new strategic plan to guide us through to 2025, to continue growing our student numbers and further the work of upgrading our site.

OUR AIMS INCLUDE THE FOLLOWING:

- Continue to increase student recruitment numbers, both undergraduate and postgraduate
- Review IT strategy and ensure that we are compliant with regulatory requirements
- Begin to develop a new strategic plan for 2019 - 2025 with a view to having it finalised by Q1 2019
- Create an Academic Affairs Committee, a subcommittee of the Board of Trustees, to offer greater engagement with our academic mission
- Agree and implement a clear arrangement for the future with the Office for Students
- Continue with our site upgrade, laying new carpets and replacing aging boilers and heating systems.



WHAT OUR STUDENTS SAY



HANNAH MARKS (2010-2013 & 2016-2017)

I've had the privilege of being an LST student twice over – first as an undergraduate residential student, and more recently as a postgraduate online student. Both times proved to be stretching for me academically, as well as deeply transformational.

For the Christian, Theology is not just a theoretical exercise, but an act of worship as we grow to love God with all our minds, as well as our hearts, soul and strength. A lecture, an essay or research project is never just about gaining knowledge, but growing in the faith, challenging behaviours, equipping us for action.

One of the biggest things that attracted me to LST initially was the flexible degree structure, which allowed me to work to the level I wanted and still gain a qualification. The LST faculty members are really supportive, and give so much of themselves to the students they teach and tutor. This, combined with their expertise in their areas of specialism, makes LST not just a nurturing community, but also an invigorating and challenging place to explore God, His word and the world.

That the school is interdenominational and welcoming of international students was also very appealing as I, a Zimbabwean Pentecostal, learned alongside British Baptists and Anglicans, Ghanaian Methodists, French Charismatics, the list goes on. My seasons at LST have been deeply formational times. I discovered my calling, as I was equipped, to teach theology in Zimbabwe today.



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LEE AMENA (2016+)

My time studying at LST has been massively transformative for me. I wasn't sure at first what to expect but I knew God had called me to work on my gifts of worship but to also grow in understanding of the One whom completely transformed my life and gave me hope. Stumbling upon the Theology and Worship programme that day on Google was a dream come true! I was a young Christian with a lot of zeal and passion but needed to grow in understanding and LST was certainly the place God ordained for that growth to occur.

LST isn't an easy option and, in fact, it has stretched me further than I had ever imagined. However, that has been the most beautiful part of the journey to know that, in those stretching times, I am being conformed more and more into the image of Christ.

The lecturers are passionate about the things they teach and have an amazing gift of delivering it in a way that challenges you to find out more. The fellowship with the students and staff is something special, despite the difficulties of living in harmony the community is my favourite thing about LST. We are so different coming from different nations, backgrounds and understanding of God yet so profoundly connecting in all loving Jesus.

I have had some great opportunities such as the chance to give my testimony through the Evangelical Alliance's Great Commission campaign and have enjoyed promoting the college at Spring Harvest and Naturally Supernatural events.

I know God is still working in me and I continue to seek His will about what the next steps will be for me after LST but the time here has been unforgettable.

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REPORT

FINANCIAL STATEMENTS

LONDON SCHOOL OF THEOLOGY
YEAR ENDED 31ST AUGUST 2017

COMPANY INFORMATION

Company Name:	London School of Theology
Company Number:	381332
Registered Charity Number:	312778
School Address / 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, 10 Queen Street Place, London EC4R 1AG
Solicitors:	Pothecary Witham Weld, 70 St George's Square, London SW1V 3RD



GOVERNORS' REPORT

YEAR ENDED 31 AUGUST 2017

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.



GOVERNORS' REPORT

YEAR ENDED 31 AUGUST 2017

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 Adedeji		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).

Attendees and Representatives

The following attended meetings of the Board of Governors:

NAME:	HONORARY 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	

(continued on page 15)

NAME:	HONORARY POSITION:	NOTE:
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 membership 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)



GOVERNORS' REPORT

YEAR ENDED 31 AUGUST 2017

GOVERNANCE AND MANAGEMENT OF THE CHARITY

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
- 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.



GOVERNORS' REPORT

YEAR ENDED 31 AUGUST 2017

THE PURPOSE OF THE CHARITY

Aims, objectives and activities (continued)

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 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



GOVERNORS' REPORT

YEAR ENDED 31 AUGUST 2017

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 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.

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.



GOVERNORS' REPORT

YEAR ENDED 31 AUGUST 2017

THE FINANCES OF THE CHARITY

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)

EDUCATING
INDIVIDUALS

EQUIPPING
CHURCHES

ENGAGING
RESEARCH



INDEPENDENT REPORT OF THE AUDITOR'S TO THE MEMBERS AND TRUSTEES OF LONDON SCHOOL OF THEOLOGY

YEAR ENDED 31 AUGUST 2017

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.



INDEPENDENT REPORT OF THE AUDITOR'S TO THE MEMBERS AND TRUSTEES OF LONDON SCHOOL OF THEOLOGY

YEAR ENDED 31 AUGUST 2017

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 1, 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.

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

10 Queen Street Place
London EC4R 1AG
30th April 2018



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		2,881,316	189,668	-	3,070,984	11,754,216
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	2,949,502	83,003	-	3,032,505	3,351,502
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		336,732	256,225	26,404	619,361	8,538,049
Defined benefit pension scheme (losses)/gains		169,000	-	-	169,000	(709,000)
Net movement in funds		505,732	256,225	26,404	788,361	7,829,049
Balance brought forward at 1 September 2016		8,789,453	1,662,071	237,067	10,688,591	10,688,591
Balance carried forward at 31 August 2017		9,295,185	1,918,296	263,471	11,476,952	10,688,591

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.



BALANCE SHEET

YEAR ENDED 31 AUGUST 2017

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

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)



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	
(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>



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 12.

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.



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

2. Accounting Policies (continued)

(e) Expenditure

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

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

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

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

Raising Funds

Fund-raising trading costs - 2%

Charitable activities

Education - 94%

Conferences - 4%

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

Costs of generating funds

Costs of generating voluntary income - 2%

Fund-raising trading costs - 0%

Charitable activities

Education - 96%

Conferences - 2%

(f) Recognition of liabilities

Liabilities are recognised in the period to which they relate. Shortfalls in anticipated future pension scheme commitments are calculated on the basis of assumptions stated in Note 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%

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.

(l) *Exchange gains and losses*

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

(m) *Operating leases*

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

(n) *Pension costs*

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



NOTES TO THE FINANCIAL STATEMENTS

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
	106,257	2,926,248	3,032,505	3,351,502

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
	1,816,754	£1,927,834

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.

The average number of employees by function was:

	2017 No.	2016 No.
Education	61	58
Fund-raising and publicity	2	2
Ancillary to main function of education	1	1
	64	61

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

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
	770,106	726,240

Deferred income comprises:

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

10. Financial Instruments

	2017 £	2016 £
Financial assets measured at fair value	11,447,937	11,199,196
Financial assets measured at amortised cost	250,114	538,425
Financial liabilities measured at amortised cost	481,416	210,084

Financial assets measured at fair value comprise cash and listed investments. Financial assets measured at amortised cost comprise debtors and other receivables. Financial assets measured at amortised cost comprise bank overdraft, trade and other creditors.

11. General and Special Funds

11.1 Endowment Funds

	Balance at 1st Sept 2016 £	Incoming Resources £	Gains £	Balance at 31st August 2017 £
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
Total	237,067	-	26,404	263,471

The Montague Goodman, Jomac Hennell and Sir John Laine 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 1st Sept 2016	Income	Expenditure / Fund transfers	Gains / (Losses)	Balance at 31st 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)
Total	8,789,453	2,881,316	(2,949,502)	573,918	9,295,185

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.

	Balance at 1st Sept 2016	Incoming Resources	Outgoing Resources	Gains	Balance at 31st August 2017	Purpose of fund
	£	£	£	£	£	
11.3 Restricted Funds						
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 Bursar	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	1,662,071	189,668	(83,003)	149,560	1,918,296	



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

12. Analysis of Net Assets between funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund balances at 31st 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)
	10,407,185	1,918,296	263,471	12,588,952
Pension Scheme liabilities	(1,112,000)	-	-	(1,112,000)
	9,295,185	1,918,296	263,471	11,476,952

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 and 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.

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	2016
	£000s	£000s
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:		
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>



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

14. Pension Commitments (continued)

The major categories of the scheme assets are as follows:

	31st August 2017		31st 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		5,014		5,167
		2017		2016
		£000s		£000s
Actual return on scheme assets		26		739

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%
Mortality table	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 2016, 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>

16. Comparative Statement of Financial Activities

	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				
Raising Funds				
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	<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)		(16,927)	(2,988)	(19,915)
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	1,141,382	1,501,400	216,760	2,859,542
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>



WE NEED YOUR FINANCIAL SUPPORT

We can only continue at LST with your financial help. Please do not hesitate to contact us if you have any more questions regarding giving to LST, or leaving a legacy. If you would like to hear first-hand about our impact and vision for theological education then please get in touch to arrange a visit, and meet our faculty, staff and students.

Get in touch via phone: **01923 456000**, or email: **enquiries@lst.ac.uk**



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