



London School of Theology

Report and Financial Accounts

Year ended 31 August 2018

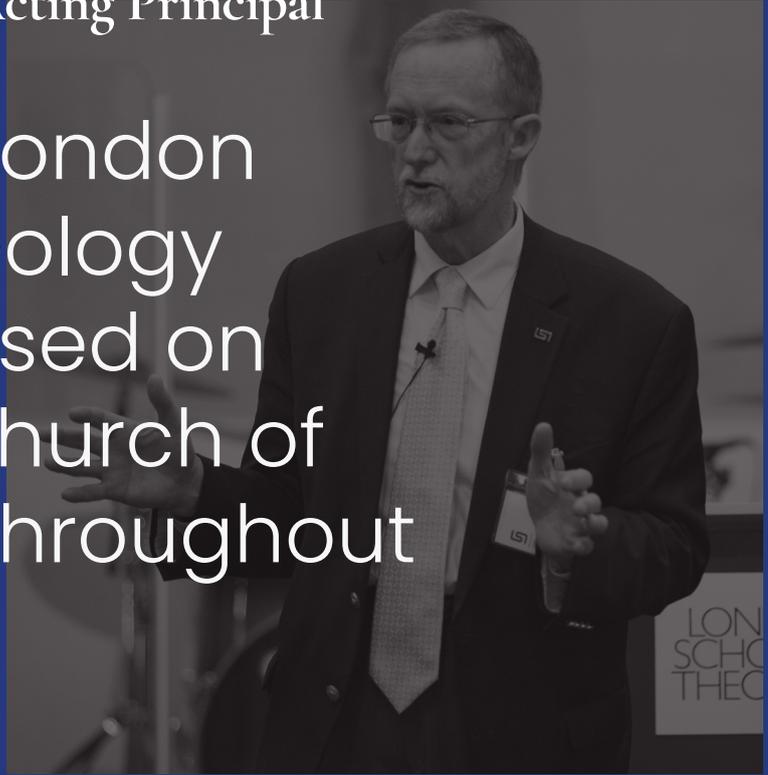
2018

Company Registered No: 381332
Registered Charity No: 312778



Introduction from the Acting Principal

75 years on, London School of Theology remains focused on serving the Church of Jesus Christ throughout the world.



As we reflect on the past year, we can truly thank God for his goodness. We have seen his faithfulness expand what is in our hearts and hands. It is by his grace that we are able to continue in our commitment to educate individuals, equip local churches, and engage in leading research.

Globally, we have extended our reach in recruitment and reputation, preparing students to serve in the global Church, academy and marketplace.

We are privileged to play our role in seeing lives impacted by the Gospel of Jesus Christ through the work of our Alumni, a network of now over 7,000 across 40 countries.

We remain dedicated to providing the highest standard of transformational educational experience to our students.

In London, we have provided resources for local churches, para-church organisations and other expressions of the church, to resource them to make disciples of all nations.

We have also continued to engage internationally at the highest level with research that enriches teaching and serves the Church.

As always, I am thankful for the Board of Trustees, for their ongoing dedication to ensure London School of Theology is thriving and operating with good governance.

I count it a privilege to serve as Acting Principal and know that it is because of the contribution of each and every one, that we are able to have a remarkable impact.

I remain grateful to God for his faithfulness over 75 years and trust in his continued provision for the future.

Professor Graham H. Twelftree

Acting Principal & Academic Dean

2017 - 2018

At A Glance

Income & Expenditure

Year ended 31 August

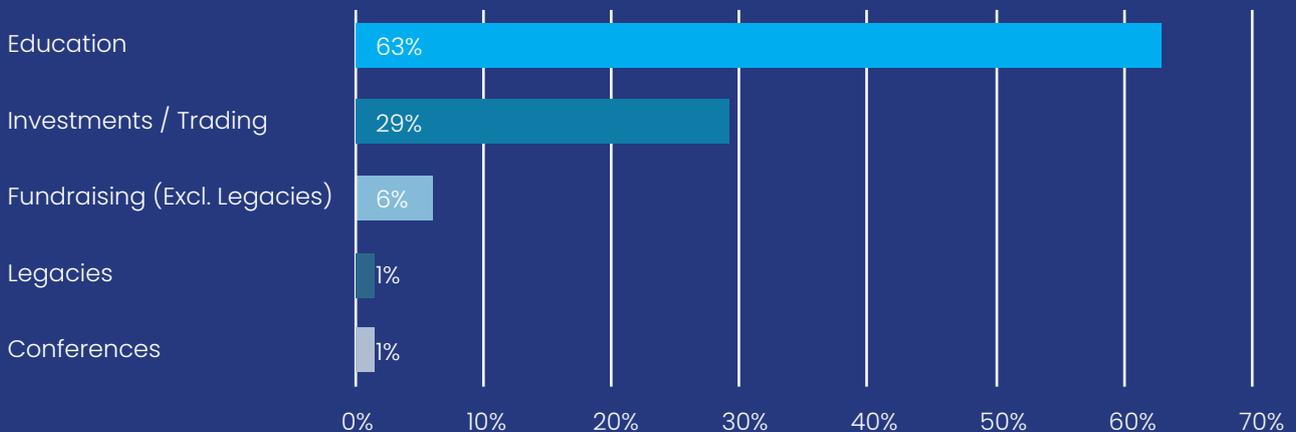
	2018	2017
	£'000	£'000
Income	3,419	3,070
Expenditure	(3,692)	(3,032)
Net (losses) / income	(273)	38
Investment gains	712	750
Net movement in funds	439	788

Balance Sheet

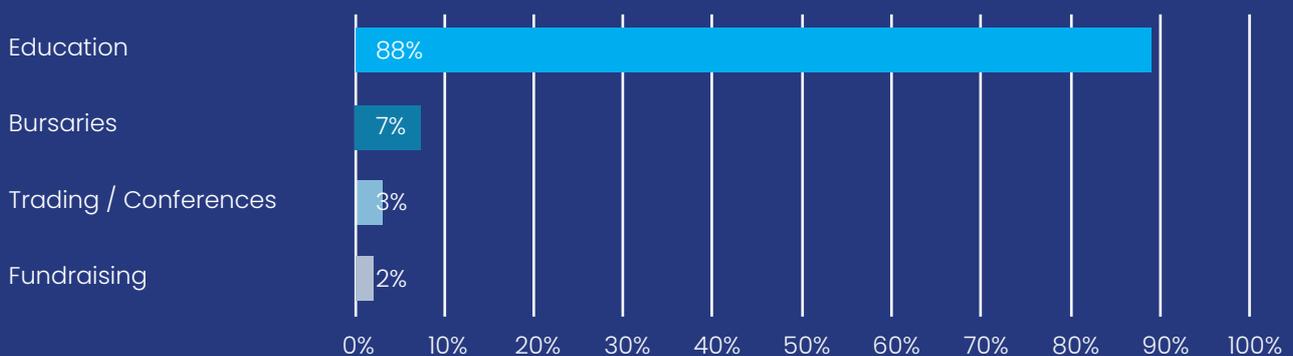
Balance at 31 August

	2018	2017
	£'000	£'000
Tangible assets	2,454	1,630
Investments	9,090	7,681
Net current assets	684	3,278
	12,228	12,589
Pension scheme liability	(312)	(1,112)
Net assets	11,916	11,477

Our Income



Our Expenditure



2017 - 2018

What We Achieved

London School of Theology graduated 49 undergraduate level qualifications

London School of Theology graduated 49 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 16 postgraduate qualifications

London School of Theology graduated 16 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 4 research qualifications

London School of Theology graduated 4 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.

2017 - 2018

Plans for 2018–2019

We are in the process of finalising 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:

- Finalise Strategic plan to guide us through to 2025 and commence implementation
- Continue to increase student recruitment numbers, both undergraduate and postgraduate
- Receive approval from the Office for Students
- Continue to enhance our IT systems and fully implement our new Student Information System

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. Today, more than ever, there is a need to train Christians to have a deeper understanding of Scripture and its relevance to the world around us. To help support this, we have a range of bursaries and scholarships available to students, to help towards fees and essentials such as food and travel. These funds have been established and supported by generous supporters who have a heart to help students in need of financial assistance.

We are a resource for the local Church

London School of Theology continues to seek to equip local churches in multiple ways, through public lectures and partnership in mission, including offering students for placements. Our faculty and staff are regularly engaged as teachers and preachers in local churches across the country and across the world. 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 resources.

2017 - 2018

What Our Students Say

Gwilym Davey – Graduate

London School of Theology has equipped me to step into my future vocation in multiple ways. First, studying here has given me the theological foundations needed to work in the church. The lectures are very engaging and stimulating, and the lecturers often leave room for topics to be discussed further.

Second, the Theology & Worship course has helped mould me into a much stronger leader than I could have imagined before I arrived here. Not only have I grown as a theologian and as a musician, but my eyes have been opened to explore the various ‘flavours’ and styles of worship across many different denominations.

Lee Amena – Student

My time studying at London School of Theology 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.

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. 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 London School of Theology but the time here has been unforgettable.

Afiya Riley – Graduate

Growing up and attending church in inner-city London, I was not accustomed to the idea of studying theology at university. However, after having three gap years and becoming a youth leader at my church, I was appointed a mentor who encouraged me to study at London School of Theology. I've now graduated from the Theology and Worship programme.

Studying at London School of Theology has taught me to value the Word of God and to hold fast to its truth. It has also opened my eyes to the need for more people from ethnic minority backgrounds to be told about and given the opportunity to study at Bible College.

Year ended 31 August 2018

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 PO Box 105, 37 Green Lane Northwood, HA6 3AF
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 2018

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 2018.

Statement of Governors' responsibilities in preparing the accounts

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

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

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

Preparation of accounts

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

Governance and management of the charity

Trustees

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 Steve Hughes*	Chair of the Board	
Rev Dr Alex Irving		
Prof Hugh Williamson+	Chair of the AAC	
Mr Malcolm Peckham*	Chair of the F&GP	
Mrs Margaret Doyle+	Vice-Chair of the Board	
Revd Johnny Douglas		
Revd Yemi Adedeji		
Ms Elizabeth Hodgkinson		Trustee until 4/18
Mr Paul Smith*		
Mr Ian Thompson*		
Rt Revd Graham Cray		

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

+ Denotes membership of the Academic Affairs Committee (AAC) which commenced in October 2017.

Attendees and Representatives

The following attended meetings of the Board of Governors:

Name	Position	Note
Revd Dr Calvin Samuel*+	Principal	Until 2/19
Ms Ruwani Gunawardene	Secretary	Until 3/19
Prof Graham Twelftree *+	Academic Dean and Acting Principal	From 3/19
Mrs Kate Douglas*+	Academic Secretary, Director of Academic Support	

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

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

Governance and management of the charity (continued)

Name	Position	Note
Mrs Emma Firth*	Director of Finance and Administration	Until 10/17
Mr Jonathan Mead*	Director of Finance and Administration	From 1/18
Dr Conrad Gempf+	Faculty Representative	Until 6/18
Dr William Atkinson+	Faculty Representative	From 6/18
Dr John Dennis+	Faculty Representative	From 6/18
Mr Mark Allen	Staff Representative	
Mr Matthew Green	Staff Representative	
Mr Jonathan Rudd	Student Body President	Until 4/18
Miss Lottie Robinson	Student Body Female Vice-President	Until 4/18
Mr Philip Hutchinson	Student Body President	From 4/18
Miss Rebecca Elkins	Student Body Female Vice-President	From 4/18

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

+ Denotes attendance 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 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 2017/18:

Revd Dr Calvin Samuel	Principal (to 2/19)
Mrs Emma Firth	Director of Finance and Administration (to 10/17)
Mr Jonathan Mead	Director of Finance and Administration (from 1/18)
Prof Graham Twelftree	Academic Dean and Acting Principal (from 3/19)
Mrs Kate Douglas	Academic Secretary, Director of Academic Support

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-committees are 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 and the new Academic Affairs Committee (ACC) chaired by Prof. Hugh Williamson. In addition, there is a 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 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.

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.

Governance and management of the charity (continued)

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.

The purpose of the Charity (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).

The purpose of the Charity (continued)

Key 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

Measures of Success and Outcomes in 2017/18

- Student recruitment fell short of target but was higher than in most recent years
- Draft strategic plan 2019–2025 developed
- Application for registration with the Office for Students submitted
- IT strategy reviewed and shortfalls beginning to be addressed
- Academic Affairs committee in place and becoming effective

Future Objectives and Activities for 2018/19

- Student recruitment increased and agreed target met.
- Strategic plan finalised and implementation commenced
- Registration approval received from the Office for Students
- IT enhancements continued and new Student Information System fully implemented
- Financial targets met

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 regularly, identifying the potential effects of major risks affecting the Charity.

The Board of Governors' F&GP Committee reviews and monitors risk on a regular basis, taking direction from the risk evaluation undertaken by the school's departments during the year through a risk matrix.

It seeks to mitigate or transfer identified risks on an on-going basis. The key risks facing the School were seen as compliance, failure to meet all of the third party requirements, financial, a failure to recruit or retain sufficient students or raise adequate 3rd party funding to meet the budgeted income targets for the year, GDPR compliance falling short of all the new legislations and the need to radically improve the online student experience.

The operation of the Charity relations and affiliations (continued)

Actions to address these risks include for compliance, implementing a new Student information System, 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 a new Director of Communications and Engagement. For fundraising the School has now appointed a dedicated fundraising manager and for GDPR issues the school has engaged consultants to advise them appropriately. For Online a new Manager of Online Education has been appointed to oversee this.

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 2017/18, 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 Scholarship and 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.

The finances of the Charity (continued)

Reserves

The total Unrestricted Funds amount to £10.078m (2017: £10.407m) before accounting for the pensions reserve deficit of £312k (2017: £1,112k). Included in these funds are £6.1m of designated income investments and functional fixed assets valued at £2.45m. Free reserves thus stand in surplus by £1,222k (2017: £1,760k).

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 £1,409k to £9,090k (2017: increase of £6,101k). £1.2m of this was an additional investment from the 2016 land sale proceeds which was invested with JM Finn investment managers during the year, having been designated by the school to fund over time the defined benefit pension fund deficit. 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.

Financial Results

Overall income increased from £3,071k to £3,419k (2017: fell from £11,754k to £3,071k).

Expenditure in total increased from £3,033k to £3,692k.

The SOFA shows an operational loss of £273k (2017: operational surplus of £38k).

There were gains on investments of £240k (2017: gains £581k).

There were actuarial gains of £472k (2017: £169k). These combined resulted in a total net increase in funds of £439k.

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

Independent Auditors

A resolution was made at the AGM in 2018 to reappoint haysmacintyre as auditors to the Charity. On 1 April 2019, haysmacintyre transferred its entire business to Haysmacintyre LLP, a limited liability partnership.

Haysmacintyre LLP was appointed as auditor to the Charity with effect from this date. This appointment and the auditor's remuneration will be reviewed again at the AGM in 2019.

Independent Auditors (continued)

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)

Year ended 31 August 2018

Auditors Report

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 2018 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 2018 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 9, 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.

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

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.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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
8th May 2019

Statement Of Financial Activities

Year Ended 31 August 2018

	Unrestricted Funds	Restricted Funds	Endowment	Total 2018	Total 2017
	£	£	£	£	£
Notes					
Income From					
Donations and legacies	111,587	119,499	-	231,086	472,073
Charitable activities					
Education	2,705,519	-	-	2,705,519	2,311,358
Conferences	23,245	-	-	23,245	10,847
Investments	289,070	53,836	-	342,906	173,824
Trading income	58,040	-	-	58,040	43,108
Other income	58,394	-	-	58,394	59,774
Total Income	<u>3,245,855</u>	<u>173,335</u>	<u>-</u>	<u>3,419,190</u>	<u>3,070,984</u>
Expenditure On					
Raising Funds					
Investment manager fee	33,761	-	-	33,761	7,471
Trading expenses	59,826	-	-	59,826	36,790
Fundraising costs	58,168	-	-	58,168	61,996
Charitable activities					
Education	3,243,218	260,211	-	3,503,429	2,893,982
Conferences	36,932	-	-	36,932	32,266
Total Expenditure	<u>3,431,905</u>	<u>260,211</u>	<u>-</u>	<u>3,692,116</u>	<u>3,032,505</u>
Net income before transfers	(186,050)	(86,876)	-	(272,926)	38,479
Investment gains	184,880	46,497	8,209	239,586	580,882
Net income	<u>(1,170)</u>	<u>(40,379)</u>	<u>8,209</u>	<u>(33,340)</u>	<u>619,361</u>
Defined benefit pension scheme gains	472,000	-	-	472,000	169,000
Net movement in funds	<u>470,830</u>	<u>(40,379)</u>	<u>8,209</u>	<u>438,660</u>	<u>788,361</u>
Balance brought forward at 1 September 2017	<u>9,295,185</u>	<u>1,918,296</u>	<u>263,471</u>	<u>11,476,952</u>	<u>10,688,591</u>
Balance carried forward at 31 August 2018	<u>9,766,015</u>	<u>1,877,917</u>	<u>271,680</u>	<u>11,915,612</u>	<u>11,476,952</u>

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

Balance Sheet - as at 31 August 2018

		2018		2017	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	5	2,454,354		1,630,318	
Investments	6	<u>9,089,699</u>		<u>7,680,816</u>	
			11,544,053		9,311,134
Current Assets					
Stocks	7	12,115		9,046	
Debtors	8	294,062		271,757	
Cash at bank and in hand		<u>958,975</u>		<u>3,767,121</u>	
		1,265,152		4,047,924	
Current Liabilities					
Creditors: within one year	9	<u>(581,593)</u>		<u>(770,106)</u>	
Net Current Assets			683,559		3,277,818
Net Assets (excluding pension scheme liability)			12,227,612		12,588,952
Pension scheme liability			<u>(312,000)</u>		<u>(1,112,000)</u>
Net Assets After Pension Scheme Liabilities			<u>11,915,612</u>		<u>11,476,952</u>
Funds					
Unrestricted	11	10,078,015		10,407,185	
Restricted	11	1,877,917		1,918,296	
Endowment	11	<u>271,680</u>		<u>263,471</u>	
Funds (excluding pension scheme reserve)			12,227,612		12,588,952
Unrestricted pension reserve (deficit)			<u>(312,000)</u>		<u>(1,112,000)</u>
			<u>11,915,612</u>		<u>11,476,952</u>

The financial statements were approved and authorised for issue by the Board on 1st May 2019 and were signed on its behalf by Mr Steve Hughes (Chairman)

Cash Flow Statement

Year Ended 31 August 2018

	2018		2017	
	£	£	£	£
Reconciliation of changes in resources to net cash inflow from operating activities				
Net (outgoing) / incoming resources for the year		(272,926)		38,479
Depreciation charged	225,601		76,710	
Write off of fixed assets	49,898		-	
(Increase)/decrease in stocks	(3,070)		6,637	
(Increase)/decrease in debtors	(22,305)		277,669	
(Decrease)/increase in creditors	(188,512)		287,977	
Decrease in pension scheme deficit net of actuarial gains and losses	(328,000)		(144,000)	
Less investment income	(342,905)		(173,823)	
		<u>(609,293)</u>		<u>331,170</u>
Net cash flow from operating activities		(882,219)		369,649
Investing activities				
Investment income	342,905		173,823	
Additions to investments	(1,505,674)		(5,520,041)	
Sale of investments	336,377		-	
Purchase of tangible fixed assets	(1,099,535)		(631,503)	
		<u>(1,925,927)</u>		<u>(5,977,721)</u>
Decrease in cash in the year		(2,808,146)		(5,608,072)
Cash and cash equivalents at the beginning of the year		<u>3,767,121</u>		<u>9,375,193</u>
Cash and cash equivalents at the end of the year		<u>958,975</u>		<u>3,767,121</u>
Cash and cash equivalents comprise:				
Cash at bank		<u>958,975</u>		<u>3,767,121</u>
		<u>958,975</u>		<u>3,767,121</u>

Notes to the Financial Statements

Year Ended 31 August 2018

1. Company Status

London School of Theology is a charitable company incorporated in England and Wales. Further company information can be found on page 8.

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 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 2017.

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.

Notes To The Financial Statements – Year Ended 31 August 2018

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 2018

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 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 other supplies are valued at the lower of cost and net realisable value.

Notes To The Financial Statements – Year Ended 31 August 2018

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 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.

3. Expenditure

	Raising Funds	Charitable Activities	Total 2018
	£	£	£
Year Ended 31st August 2018			
Direct costs	50,471	505,688	556,159
Staff costs	83,778	1,838,783	1,922,561
Depreciation	4,512	221,089	225,601
Bursaries and prizes	-	260,211	260,211
Support and governance costs	12,994	714,590	727,584
	<u>151,755</u>	<u>3,540,361</u>	<u>3,692,116</u>
Year Ended 31st August 2017			
Direct costs	22,874	520,594	543,468
Staff costs	70,624	1,746,130	1,816,754
Depreciation	1,712	83,888	85,600
Bursaries and prizes	-	83,003	83,003
Support and governance costs	11,047	492,633	503,680
	<u>106,257</u>	<u>2,926,248</u>	<u>3,032,505</u>

Notes To The Financial Statements – Year Ended 31 August 2018

3. Expenditure (continued)

Included in resources expended are the following:

The auditor's remuneration during the year amounted to £9,800 for audit services (2017: £11,800) and £1,375 for other services (2017: £nil).

Hire of plant (operating leases) which amounted to £27,571 (2017: £27,572).

4. Staff Costs

	2018	2017
	£	£
Wages and salaries	1,654,435	1,452,691
Social security costs	139,782	123,670
Pension contributions	87,972	122,450
Other pension costs	40,372	68,293
Termination payments	-	49,650
	<u>1,922,561</u>	<u>1,816,754</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 £340 for writing lecture materials during the year. Four trustees received reimbursement of their travel expenses during the year.

	2018	2017
	No.	No.
The average number of employees by function was:		
Education	65	61
Fund-raising and publicity	2	2
Ancillary to main function of education	<u>2</u>	<u>1</u>
	<u>69</u>	<u>64</u>

One employee earned between £70,000 and £80,000 during the year, no other employees earned more than £60,000 (2017: no employees earned more than £60,000)

Key management personnel remuneration for the period totalled £243,227 (2017: £190,229).

Notes To The Financial Statements (continued)
Year Ended 31 August 2018

5. Fixed Assets	Freehold and leasehold property	Motor Vehicles	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2017	1,287,768	3,676	1,161,942	2,453,386
Additions	-	-	1,099,535	1,099,535
Disposals	-	-	(52,108)	(52,108)
At 31 August 2018	<u>1,287,768</u>	<u>3,676</u>	<u>2,209,369</u>	<u>3,500,813</u>
Depreciation				
At 1 September 2017	329,748	3,676	489,644	823,068
Charge for the year	20,718	-	204,883	225,601
Disposals	-	-	(2,210)	(2,210)
At 31 August 2018	<u>350,466</u>	<u>3,676</u>	<u>692,317</u>	<u>1,046,459</u>
Net Book Value				
At 31 August 2018	<u>937,302</u>	<u>-</u>	<u>1,517,052</u>	<u>2,454,354</u>
At 31 August 2017	<u>958,020</u>	<u>-</u>	<u>672,298</u>	<u>1,630,318</u>

6. Fixed Assets Investments

	2018	2017
	£	£
Market value at 1 September 2017	7,680,816	1,579,893
New funds placed and invested in year	1,190,000	5,500,000
Additional investments purchased	315,674	-
Disposals at market value	(349,181)	-
Investment income reinvested in the period / movement in cash balances	16,691	20,041
Revaluation in the year	235,699	580,882
Market value at 31 August 2018	<u>9,089,699</u>	<u>7,680,816</u>
Cost of investments	<u>7,276,421</u>	<u>6,086,421</u>

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 2018 of £1,810,563 and mixed portfolio of listed investments managed by JM Finn & Co., with a total value as at 31 August 2018 of £7,279,136. None of the individual holdings within the JM Finn portfolio is individually significant.

Notes To The Financial Statements (continued)
Year Ended 31 August 2018

7. Stocks

	2018	2017
	£	£
Catering and other sundry stocks	<u>12,115</u>	<u>9,046</u>

8. Debtors

	2018	2017
	£	£
Fee debtors	141,005	115,790
Other debtors	42,760	134,324
Prepayments	<u>110,297</u>	<u>21,643</u>
	<u>294,062</u>	<u>271,757</u>

9. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	164,944	411,060
Deferred income – payments received on account	172,460	212,659
Social security costs	38,677	33,602
Pension scheme contributions	11,563	5,480
Other creditors	37,779	64,876
Accruals	<u>156,170</u>	<u>42,429</u>
	<u>581,593</u>	<u>770,106</u>

Deferred income comprises:

	Balance at 1 September 2017	Receipts in the year	Credited to income in the year	Balance at 31 August 2018
Fees in advance	140,098	169,586	(197,647)	112,037
Open learning fees	<u>72,561</u>	<u>24,836</u>	<u>(36,975)</u>	<u>60,422</u>
	<u>212,659</u>	<u>194,422</u>	<u>(234,622)</u>	<u>172,459</u>

10. Financial Instruments

	2018	2017
	£	£
Financial assets measured at fair value	<u>10,048,674</u>	<u>11,447,937</u>
Financial assets measured at amortised cost	<u>150,291</u>	<u>250,114</u>
Financial liabilities measured at amortised cost	<u>214,286</u>	<u>481,416</u>

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

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

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

Notes To The Financial Statements (continued)
Year Ended 31 August 2018

II. General and Special Funds

	Balance at 1 September 2017 £	Income £	Gains/(Losses) £	Balance at 31 August 2018 £
II.1 Endowment Funds				
Montague Goodman Bursary	106,816	-	3,328	110,144
Jomac Hennell Bursary	34,320	-	1,069	35,389
Sir John Laing Memorial	107,215	-	3,341	110,556
Sir John Laing Lecture	15,120	-	471	15,591
	<u>263,471</u>	<u>-</u>	<u>8,209</u>	<u>271,680</u>
	Balance at 1 September 2016 £	Income £	Gains/(Losses) £	Balance at 31 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
	<u>237,067</u>	<u>-</u>	<u>26,404</u>	<u>263,471</u>

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

	Balance at 1 September 2017 £	Income £	Expenditure/ Fund transfers £	Gains/ (Losses) £	Balance at 31 August 2018 £
II.2 Unrestricted Funds					
General fund	4,502,267	3,245,855	(3,759,905)	-	3,988,217
Designated fund	5,904,918	-	-	184,880	6,089,798
Pensions reserve	(1,112,000)	-	328,000	472,000	(312,000)
	<u>9,295,185</u>	<u>3,245,855</u>	<u>(3,431,905)</u>	<u>656,880</u>	<u>9,766,015</u>
	Balance at 1 September 2016 £	Income £	Expenditure/ Fund transfers £	Gains/ (Losses) £	Balance at 31 August 2017 £
General fund	10,214,453	2,881,316	(8,593,502)	-	4,502,267
Designated fund	-	-	5,500,000	404,918	5,904,918
Pensions reserve	(1,425,000)	-	144,000	169,000	(1,112,000)
	<u>8,789,453</u>	<u>2,881,316</u>	<u>(2,949,502)</u>	<u>573,918</u>	<u>9,295,185</u>

Notes To The Financial Statements

11. General and special funds (continued)

II.3 Restricted Funds	Balance at 1 September 2017	Income	Expenditure	Gains	Balance at 31 August 2018	Purpose of fund
	£	£	£	£	£	£
Henman Memorial Bursary	532,668	15,017	-	15,269	562,954	For student bursaries
Student Grant Bursary	896,387	23,736	(120,906)	24,124	823,341	For student bursaries
Graham Scholarship	166,612	4,287	-	4,355	175,254	For student bursaries
Mary Fisher Memorial	43,445	1,047	-	1,065	45,557	For student bursaries
Laing Scholarship	14,572	31,065	(38,562)	-	7,075	For research students scholarship
Jerusalem Trust	-	30,000	(30,000)	-	-	For online education
Student Wives Bursary	63,595	1,577	-	1,609	66,781	For study support for Students' spouses
Music and Worship Bursary	19,034	331	-	-	19,365	For bursaries to music and worship students
Students in Need Fund	27,656	13,270	-	-	40,926	For students in need
Reading Prize Fund	184	-	-	-	184	For annual prizes
Sir Eric Richardson Prize	204	17	(100)	-	121	For annual prizes
Griffiths Prize	3,401	78	-	75	3,554	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	-	(1,200)	-	9,248	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	29,265	469	(29,734)	-	-	For School development projects
Alumni Fund	20,802	3,154	(1,347)	-	22,609	For LST alumni events
Alumni Bursary Fund	32,798	-	-	-	32,798	For student bursaries
Hebrew Prize	720	-	(100)	-	620	For high attainment in Hebrew language studies
Other restricted funds	21,598	41,210	(37,645)	-	25,163	For various restricted purposes
Endowment Income Accounts						
Montague Goodman Bursary	9,520	3,275	-	-	12,795	For student bursaries
Jomac Hennell Bursary	5,019	1,052	-	-	6,071	For student bursaries
Sir John Laing Memorial	10,836	3,287	-	-	14,123	For student bursaries
Sir John Laing Lecture	(2,422)	463	(617)	-	(2576)	For the annual memorial lecture
Total	1,918,296	173,335	(260,211)	46,497	1,877,917	

Notes To The Financial Statements

11. General and special funds (continued)

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

Notes To The Financial Statements (continued)
Year Ended 31 August 2018

12. Analysis of Net Assets Between Funds

	General Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund balances at 31 August 2018				
Represented by:				
Tangible fixed assets	2,454,354	-	-	2,454,354
Investments	7,279,136	1,538,883	271,680	9,089,699
Current assets	926,118	339,034	-	1,265,152
Current liabilities	<u>(581,593)</u>	<u>-</u>	<u>-</u>	<u>(581,593)</u>
	<u>10,078,015</u>	<u>1,877,917</u>	<u>271,680</u>	<u>12,227,612</u>
Pension Scheme liabilities	<u>(312,000)</u>	<u>-</u>	<u>-</u>	<u>(312,000)</u>
	<u>9,766,015</u>	<u>1,877,917</u>	<u>271,680</u>	<u>11,915,612</u>

13. Corporation Tax

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

14. Pension Commitments

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

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

Under the Group Personal Pension (GPP) the School pays contributions to personal pension policies for pensionable employees who joined the School after 1 April 2000. The pension cost charge represents contributions payable by the School to the personal pension policies and amounted to £87,972 (2017: £88,408). At 31st August there were £11,563 of outstanding contributions (2017: £5,480) 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

14. 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. Additional contributions of £352,000 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 £44,000 (2017: £43,000) 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 £268,000 plus the non-scheme provision of £44,000 results in a reserve deficit of £312,000.

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

	2018	2017
	£000's	£000's
Scheme assets at year end	5,191	5,014
Present value of funded obligations obligation	<u>(5,459)</u>	<u>(6,083)</u>
	<u>(268)</u>	<u>(1,069)</u>
Actuarial gains/losses comprise:		
Loss/(gain) on scheme assets in excess of interest	109	81
Loss/(gain) from change in assumptions	(292)	(221)
Experience losses/(gains) on liabilities	<u>(289)</u>	<u>-</u>
	<u>(472)</u>	<u>(140)</u>
Analysis of amounts charged to activity costs categories:		
	2018	2017
	£000's	£000's
Bank and other interest/ (other finance charges)		
Interest on scheme assets	(127)	(107)
Interest cost	<u>150</u>	<u>133</u>
	<u>23</u>	<u>26</u>
Change in scheme liabilities		
Beginning balance	(6,083)	(6,520)
Interest cost	(150)	(133)
Gains/(losses) from changes in actuarial assumptions	292	221
Experience losses/(gains) on liabilities	289	-
Benefits paid	<u>193</u>	<u>349</u>
Closing balance	<u>(5,459)</u>	<u>(6,083)</u>

Notes To The Financial Statements

14. Pension Commitments (continued)**Change in scheme assets**

Beginning balance	5,014	5,167
Interest on scheme assets	127	107
Return on assets in less interest	(109)	(81)
Contributions by employer	352	170
Benefits paid	(193)	(349)
Closing balance	<u>5,191</u>	<u>5,014</u>

The major categories of the scheme assets are as follows:

	31 August 2018		31 August 2017	
	% of assets	Fund value £000s	% of assets	Fund value £000s
Equities and other growth assets	47%	2,416	44%	2,222
Bonds and cash	53%	<u>2,775</u>	56%	<u>2,792</u>
Total assets at end of year		<u>5,191</u>		<u>5,014</u>
			2018	2017
			£000s	£000s
Actual return on scheme assets			<u>18</u>	<u>26</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:

Actual assumptions used:	2018	2017
	%	%
Discount rate	2.80%	2.50%
Rate of increase in pensions in payment	3.25%	3.35%
Rate of increase in pensions in deferment	2.40%	2.40%
Rate of RPI price inflation	3.30%	3.40%
Rate of CPI price inflation	2.30%	2.40%
Post – retirement mortality	110% S2PA/ 105% S2PFA	110% S2PA
Mortality projection	CMI 2017 [1%]	CMI 2016 [1%]

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

Notes To The Financial Statements

14. Pension Commitments (continued)**Sensitivity analysis**

Impact on the value of liabilities of:

Reduction of 0.1% in the Discount Rate	£80k increase
Increase of 0.1% in inflation assumption	£45k increase
Increase in long-term mortality projection of 1.5%	£90k increase

15. Leasing Commitments

At 31 August 2018, the School was committed to making the minimum lease payments in respect of hire of machinery:

Operating leases which expire:	2018	2017
	£	£
Within 1 year	27,571	27,572
Within 2 to 5 years	9,190	34,462
	<u>36,761</u>	<u>62,034</u>

Notes To The Financial Statements (continued)
Year Ended 31 August 2018

16. Comparative Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment £	Total 2017 £
Income From					
Donations and legacies		329,465	142,608	-	472,073
Charitable activities					
Education		2,311,358	-	-	2,311,358
Conferences		10,847	-	-	10,847
Investments		126,764	47,060	-	173,824
Trading income		43,108	-	-	43,108
Other income		59,774	-	-	59,774
Total Income		<u>2,881,316</u>	<u>189,668</u>	<u>-</u>	<u>3,070,984</u>
Expenditure On					
Raising Funds					
Investment manager fee		7,471	-	-	7,471
Trading expenses		36,790	-	-	36,790
Fundraising costs		61,996	-	-	61,996
Charitable activities					
Education		2,810,979	83,003	-	2,893,982
Conferences		32,266	-	-	32,266
Total Expenditure	3	<u>2,949,502</u>	<u>83,003</u>	<u>-</u>	<u>3,032,505</u>
Net income before transfers		(68,186)	106,665	-	38,479
Investment gains/(losses)		404,918	149,560	26,404	580,882
Net income		<u>336,732</u>	<u>256,225</u>	<u>26,404</u>	<u>619,361</u>
Defined benefit pension scheme gains		169,000	-	-	169,000
Net movement in funds		<u>505,732</u>	<u>256,225</u>	<u>26,404</u>	<u>788,361</u>
Balance brought forward at 1 September 2016		<u>8,789,453</u>	<u>1,662,071</u>	<u>237,067</u>	<u>10,688,591</u>
Balance carried forward at 31 August 2017		<u>9,295,185</u>	<u>1,918,296</u>	<u>263,471</u>	<u>11,476,952</u>

We need your financial support

We can only continue at London School of Theology with your financial help. Please do not hesitate to contact us if you have any more questions regarding giving to London School of Theology, 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.

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