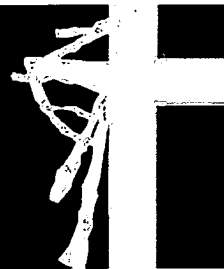


The Queen's
Foundation

FOR ECUMENICAL THEOLOGICAL EDUCATION



**THE QUEEN'S FOUNDATION
FOR ECUMENICAL THEOLOGICAL EDUCATION**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

(A Company limited by guarantee not having a share capital)

Company Registration No 05511503

Charity Registration No 1111892

WEDNESDAY



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COMPANIES HOUSE

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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GOVERNORS 2016

- C Mr David Ritchie CB, MA (retired 16 June 2016)
 C Mrs Nwabueze Nwokolo LLB, BL.(retired 16 June 2016)
 C The Revd Timothy J Clarke MA.(retired 16 June 2016)
 C Revd Kenneth Howcroft
 C Revd Phyllis Thompson
 C Mr John Bell
 C Mrs Ruby Beech
 C The Ven Simon Heathfield
 C Mrs Marilyn Hull (appointed 16 June 2016)
 C Mrs Julia Tozer (appointed 16 June 2016)
 C Dr Paul Stewart (appointed 16 June 2016)
- N The Rt. Revd Mark Rylands BA
 N Dr Rachel Jepson
 (Nominee of the General Synod)
 N The Revd Dr Stephen Wigley MA, MPhil, PhD
 N The Revd Dr Liz Smith

Key:

- C Co-opted Governors
 N Nominated Governors

Auditors

PKF Cooper Parry Group Ltd
 No. 8 Calthorpe Road
 Birmingham
 B15 1QT

Bankers

Bank of Scotland
 55 Temple Row
 Birmingham
 B2 5LS

Solicitors

Anthony Collins
 134 Edmund Street
 Birmingham
 B3 2ES

The Queen's Foundation for Ecumenical Theological Education
 Somerset Road, Edgbaston, Birmingham, B15 2QH
 a company limited by guarantee, Company Registration Number 05511503
 incorporating a charity administered by a Charity Commissioners Scheme
 regulated by The Charity Commissioners for England and Wales
 Registered Charity Number 1111892
 Registered Company Number 05511503

FOUNDATION STAFF 2016

Principal

The Revd Canon Dr David Hewlett BA, PhD, Durham University
(*Anglican & Methodist*)

Academic Director

Dr David Allen BA, MA, MCS, PhD University of Cambridge; Regent College Vancouver; University of Edinburgh.

Co-Director of The Centre for Ministerial Formation

The Revd Dr Jane Craske
(*Methodist*)

Co-Director of The Centre for Ministerial Formation

The Revd Mark Earey BA (Hons), BSc (Hons) Cert Theology Loughborough University; Durham University
(*Anglican*)

Lecturers

Deacon Eunice Attwood Mth, Chester College
(*Methodist*)

Dr Ashley Cocksworth, M.A., M.Th. (Edinburgh), Ph.D. (Trinity College, Cambridge)
(*Anglican*)

The Revd Gary Hall MA MPhil PGCE Pembroke College Cambridge, Birmingham University
(*Methodist*)

The Revd Samuel McBratney
(*Methodist*)

Dr Dulcie McKenzie, BA, PhD, Birmingham University
(*Pentecostal*)

Mrs Fran Porter BA, PhD
(*Anglican*)

Rev Dr Judith Rossall BA (Hons) ThM (Duke University) PhD (Durham University)
(*Methodist*)

Deacon Kerry Scarlett
(*Methodist*)

Dr Nicola Slee MA, PhD; Selwyn College Cambridge, University of Birmingham
(*Anglican*)

Ms Helen Stanton
(*Catholic & Anglican*)

Revd Jeanette Hartwell
(*Anglican*)

The Revd Simon Sutcliffe BA, MA
(*Methodist*)

Rachel Starr BA (Hons), STM; University of Oxford, Union Theological Seminary City of New York
(*Methodist*)

Revd Dr Richard Sudworth LLB (Hons), MTh, PhD; University of Leeds, University of Lampeter, Heythrop College - University of London
(*Anglican*)

Dr Andrew Hayes
(*Presbyterian*)

Revd Paul Nzacahayo
(*Methodist*)

Dr Jonathan Dean
(*Methodist*)

Director of Finance & Operations

Paul D Bayliss MA ACA



GOVERNORS' REPORT

The members of the board of Governors present their report together with the financial statements of The Queen's Foundation for Ecumenical Theological Education for the year ended 31 August 2016. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a Directors report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15 and comply with the charitable company's memorandum and articles, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" (FRS 102).

President of Governor's Introduction

This has been a successful year in which the pace of change and of new developments remains high. Areas of academic quality and management include:

1. Successful completion of a QAA Higher Education Review+ process for Alternative Providers, confirming that the Queen's Foundation meets all the expectations required of a HE provider.
2. Further successful roll out of the second year of the Common Awards programmes in both full and part time modes.
3. The creation and launch of a new website which profiles what we do in six areas of work more effectively and attractively (www.queens.ac.uk).
4. Renewal of our Trusted Sponsor status with the Home Office, enabling us to continue to sponsor students from outside the EU under the Tier 4 visa provision.
5. Meeting compliance with new regulations in the following areas:
 - a. The Prevent Strategy
 - b. The role and office of the Independent Adjudicator under the Consumer Protection Act
 - c. Providing statistical returns to the Higher Education Statistics Authority (HESA) as an Alternative Provider.
6. The inauguration of an annual Queen's public lecture, in memory of Prof John Hull, given by the Revd Canon Dr Sam Wells on the 6th June 2016 at All Saints Church King's Heath, on the theme "Toward a Prophetic Church of England".
7. A review of the first year of the new Partnership with VU University Amsterdam for PhD degrees and the signing of a financial agreement.
8. The inauguration of a new Centre for Continuing Ministerial Development primarily to support the learning and formation of those in the early years of ministry.

Areas of infrastructure and development include:

1. Replacement and renewal of all windows in the New Building and Administrative Building on the campus.
2. Refurbishment of the ground floor of the Administrative Building including the development of a new reception area.
3. Participating in the designs for re-developing a nearby residential property by the Methodist Church for new student accommodation, which is planned to come on stream in April 2017.

Academic Staffing changes

We have welcomed the Revd Dr Jane Craske as Director of Methodist Formation and co-director of the Centre for Ministerial Formation, the Revd Dr Paul Nzacahayo and the Revd Dr Jonathan Dean to join the Methodist team, and the Revd Jeanette Hartwell and Dr Andrew Hayes to the Anglican teams.

Canon Dr Mukti Barton retired in December 2015 after 18 years of service at Queen's.



Our dear friend and esteemed colleague, Professor John Hull, died in August 2015 after a short illness. His contribution to education, theology and the Church has been immense and we miss his wisdom, passion for justice and gentle humour greatly.

Administrative staff changes

We have welcomed Eleena Sue to the academic registry team and Robert Bruce to provide cover during the maternity leave of the Hospitality and Services manager.

Governing Documents

The Queen's Foundation for Ecumenical Theological Education is a company limited by guarantee governed by its Articles of Association dated 30th June 2014. It is a charity, registered with the Charities Commission under a scheme dated June 2006 and for accounting purposes is unified with the Queen's Foundation for Ecumenical Theological Education, Permanent Endowment Trust, by an Order of the Commission issued on the same date. There are currently twelve members (Governors). The Articles have been revised to recognise the request of our major sponsors for additional nominating rights and to acknowledge the decision of the United Reformed Church to withdraw from using the training facilities at the Foundation.

Appointment of Governors

The governance of the Foundation is the responsibility of the Governors, 4 of whom are nominated and 10 of whom are co-opted. The 4 nominated Governors are nominated respectively by the General Synod of the Church of England, the Council of the Methodist Church (2 members), and the Church of England West Midlands Bishops. Existing Governors serve terms of appointment of 3 years. New appointments and reappointments are made for a term of 3 years.

The remaining Governors are co-opted according to appropriate skills and experience. Lists of suitable nominees are drawn up by the Governors, or a special sub committee appointed by the Governors and approached by the President of Governors to establish their willingness to serve. All appointments are subject to a vote of approval by the Governors for the time being. The Governors serve as directors of the limited company.

Trustee Training

The Foundation arranges periodic training events for Governors.

Organisation

The Governors in general meeting annually appoint one of their number to act as President of Governors.

The Governors have appointed a Finance Committee which oversees the Foundation's financial affairs and considers any specific issues referred to it by the Governors from time to time and considers matters of policy and corporate planning. In order to reflect these wider areas of work the committee has been re-named as the Finance and General Purposes Committee. Other committees are appointed by the Governors from time to time to consider such specific matters as may be delegated by the Governors.

Key Management personnel

The day to day operations of the Foundation are controlled and monitored by the leadership team which is comprised of the Principal, the Academic Director, the Directors of each of the Formation and Teaching centres and the Director of Finance. They meet very regularly to discuss current matters affecting all aspects of the Foundation.

The remuneration of academic staff is based on the Lichfield scale set out by the Archbishops Council of the Church of England and this is then subject to increments based on responsibility by individual job description. Pension contributions are made for the Leadership to either the church schemes to whom ordained ministers belong or to the Foundation defined benefit scheme at normal percentage rates.

Risk Management

The Governors review the major risks to which the Foundation is exposed and systems have been established to manage these risks. Internal risks of control are minimised by the implementation of procedures for authorisation and monitoring of transactions, and potential external risks to the future levels of income and the



ability to deliver satisfactory tuition to students are addressed by the Leadership team and the Governors on an annual basis.

The major risks facing the Foundation have been identified under the following headings:

- Possibility of financial misfeasance
- Loss of key academic and admin staff – including the Principal
- Withdrawal of student placements by our major Church partners
- Lack of governors with sufficient relevant expertise to sit on Board
- Ensuring satisfactory compliance with the increasingly rigorous Government and other University monitoring processes

All these areas are regularly reviewed by the Governors and every effort is made to ensure that the appropriate action is taken to mitigate the potential damage that these risks may give rise to.

This action includes

- a review of systems annually by the auditors and the finance committee of the Governors, cheque signatories scrutinising back up paperwork and segregation of duties wherever possible.
- Regular appraisal and monitoring of recruitment by the Principal, who regularly reports to the Governors, combined with frequent admin staff meetings to identify personnel issues and maintaining satisfactory recruitment levels to ensure staff are fully engaged.
- Development of website to ensure potential students are fully able to grasp benefits of study at the Foundation combined with active participation by key staff with Methodist Connexional Committees and reviews and processes.
- President and Principal and other governors regularly review Governor constitution and actively seek to identify potential new members of the board both locally and nationwide on an ongoing basis.
- Members of the administration team are provided with suitable staff development to ensure that they are fully aware with compliance procedures and staffing levels within the registry team are regularly reviewed to ensure that the increasing complex reporting requirements are handled well. Software systems are also regularly assessed to maintain adequate reporting and data handling processes.

Objectives and activities

Under its Articles of Association the objects of the Foundation are:

- The provision of part time and full time training for ordination within their respective churches for members of such Christian denominations as the governors shall from time to time determine.
- The provision of such forms of theological education and training as the governors shall from time to time determine.
- The promotion of research in theology and related subjects.

The Governors are satisfied that the objectives, as stated, meet the public interest criteria of the Charities Act 2011.

Relationships with the Churches

The fees of candidates for the ordained ministry are funded wholly or in part by the Church of England and the Methodist Church. Close working relationships are maintained on a formal basis through the nomination of Governors as described in a previous section of this Report and by the attendance of officers of these Churches at Governors' meetings. Informal contacts between officers of the Churches and the staff of the Foundation are maintained on a continuing basis. The Foundation's ecumenical ethos is also exemplified in the maintenance of relationships with other churches and through relationships with many Pentecostal churches and the Roman Catholic seminary, St Mary's College, Oscott.

Governors

During the year, there were a number of changes to our Governors. New governors were welcomed: Mrs Julia Tozer, Dr Paul Stewart, Mrs Marilyn Hull. The Revd Tim Clarke, Mrs Nwabueze Nwokolo and Mr David



Ritchie retired during the year. The Foundation wishes to thank them for their commitment and support over many years.

Financial Review

The financial statements that follow have been prepared in accordance with the accounting policies set out on page 13 to 15 and comply with the Foundation's governing documents and applicable law.

Normal activities resulted in a surplus of £106,301 (2015, £133,652 (deficiency)) before changes in investment values. Small increases in numbers of students resulted in slightly increased fee income. Operating costs were held in line with expected activity and anticipated maintenance charges.

Investment values rose due to reasonable investment performance and the year-end valuation produced an unrealised profit on investments of £164,790 (2015, £60,100) this was split between unrestricted funds, £155,918 (2015, £58,717) and restricted funds, £8,872 (2015, £1,383). There were sales of investments of £260,000 during the year to fund capital projects.

The results of the actuarial valuation of the Church Worker's Pension Fund as at 31st December 2013 showed that our funding target of £1,039m had been exceeded as our assets were valued at £1,114m. Therefore a surplus of £75k had been generated. Further deficit payments were not necessary during 2015/16. The section of the Scheme relevant to the Foundation will next be reviewed at 31 December 2016 and therefore there should be no contributions required for any deficiency up to that date.

Reserves Policy

The policy of the Governors is to examine the financial situation of the Foundation at regular intervals and create such restricted reserves as seem prudent at that time to meet unavoidable future liabilities. Restricted reserves also include funding donated to the Foundation under terms which require that the resources are identified separately in the institution's accounts.

The unrestricted reserves in total amount to £3,161,454 (2015, £2,674,773) which represent 18 months operating expenditure. It has been the objective of the Governors to build these reserves up to a sum equal to 12 months operating costs of the institution and this year, this has been maintained and exceeded.

The endowment fund owns the leasehold of the campus as its principal asset and both fund and asset are reduced annually in line with depreciation of the leasehold land and buildings. The expectation is that both will be fully written down by the end of the lease in 2062.

Plans for Future Periods

The business plan is reviewed by Governors throughout the year, the financial forecasting updated and further objectives defined and added within the overall scope of a balanced budget.

The Governors wish to continue the development of the campus on Somerset Road with plans to utilize a second neighbouring site which is in the course of renovation by the Methodist Church and should be available for occupation by the Foundation during 2016/17 academic year.

Governors' Responsibilities

The Governors, who are also the directors of The Queens Foundation for Ecumenical Theological Education for the purpose of company law, are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;



- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to auditors

Insofar as the Governors are aware:

- There is no relevant audit information of which the company's auditors are unaware, and
- As the directors of the company, we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

Auditors

The business of Clement Keys LLP merged with PKF Cooper Parry Group Limited on 8 January 2016. Clement Keys LLP has resigned as auditors and the merged firm PKF Cooper Parry Group Limited, has been appointed in its place. PKF Cooper Parry Group Limited will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the governors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.


Revd Kenneth Howcroft
President of Governors

Date 1 February 2017



Independent Auditors' Report to the Members of The Queen's Foundation for Ecumenical Theological Education

We have audited the financial statements of The Queen's Foundation for Ecumenical Theological Education for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland".

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7 the directors (who are also the governors of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' and Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime; or
- the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Governors' Report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

PKF Cooper Parry Group Limited

Joseph Bates FCA DChA (Senior Statutory Auditor)

for and on behalf of

PKF Cooper Parry Group Limited
Statutory Auditors

No. 8 Calthorpe Road
Birmingham
B15 1QT

Date 1 FEBRUARY 2017.



**STATEMENT OF FINANCIAL ACTIVITIES (inc INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31st AUGUST 2016**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total £	2015 Total £
INCOME						
Tuition Fees & Accommodation Charges	13	1,903,783	-	-	1,903,783	1,832,767
Investment Income	4	84,214	3,408	-	87,622	86,643
Grants and Donations	5	439,110	1,015	-	440,125	43,924
TOTAL INCOME		2,427,106	4,423	-	2,431,529	1,963,334
EXPENDITURE						
Charitable activities Costs of Providing Education	14	2,113,584	50,615	161,029	2,325,228	2,096,986
TOTAL EXPENDITURE		2,113,584	50,615	161,029	2,325,228	2,096,986
Unrealised gains on investments	6	155,918	8,872	-	164,790	60,100
Realised gains on investments	6	17,241	-	-	17,241	0
NET INCOME/(EXPENDITURE) being net movement in funds		486,681	(37,320)	(161,029)	288,332	(73,552)
Reconciliation of funds:						
Funds brought forward at 1st September 2015		2,674,773	679,688	995,738	4,350,199	4,423,751
Funds carried forward at 31st August 2016	10, 11, 12	3,161,454	642,368	834,709	4,638,531	4,350,199

All income and expenditure derive from continuing activities.

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £	2015 £
Income	2,343,907	1,876,691
Gains on investments	182,031	60,100
Interest and investment income	87,622	86,643
Gross income	2,613,560	2,023,434
Expenditure	(2,113,648)	(1,900,051)
Depreciation and impairment charges	(211,580)	(196,935)
Total expenditure	(2,325,228)	(2,096,986)
Net income/(expenditure)	288,332	(73,552)

The notes on pages 13 to 23 form part of these financial statements.

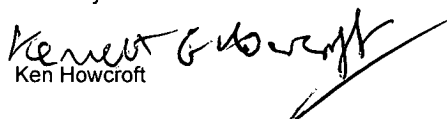


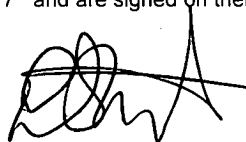
BALANCE SHEET AS AT 31st AUGUST 2016
COMPANY NUMBER 05511503

	2016	2015
Note	£	£
FIXED ASSETS		
Tangible Assets	3 2,458,204	2,347,771
Investments	6 2,065,422	2,136,003
	4,523,626	4,483,774
CURRENT ASSETS		
Debtors	7 207,633	159,403
Short term Deposits	5,757	5,757
Bank and Cash in hand	392,171	27,555
	605,560	192,715
CREDITORS		
Amounts falling due within 1 year	8 (485,655)	(321,290)
NET CURRENT ASSETS/ (LIABILITIES)	119,905	(128,575)
TOTAL ASSETS LESS CURRENT LIABILITIES	4,643,531	4,355,199
CREDITORS		
Amounts falling due after more than 1 year	9 (5,000)	(5,000)
NET ASSETS	4,638,531	4,350,199
CHARITY FUNDS		
Endowment	834,709	995,738
Restricted	10 642,368	679,688
Unrestricted (inc Designated Funds)	12 3,161,454	2,674,773
TOTAL CHARITY FUNDS	4,638,531	4,350,199

The notes on pages 13 to 23 form part of these financial statements.

These financial statements were approved by the Board of Governors on 1 February 2017 and are signed on their behalf by:


 Ken Howcroft

Paul Stewart 

The Queen's Foundation For Ecumenical Theological Education

Statement of cashflows for year to 31 August 2016

	Note	2016 £	2015 £
Net Cashflow from operating activities	18	<u>346,714</u>	<u>(8,874)</u>
Property funds			
Fixed interest securities fund income shares		(322,333)	(213,515)
Payments to acquire investments		(7,388)	(8,776)
Receipts from sales of investments		260,000	-
Interest received		87,622	86,643
Net cash flow from investing activities		<u>17,901</u>	<u>(135,648)</u>
Net increase/(decrease) in cash and cash equivalents		364,615	(144,522)
Cash and cash equivalents at 31 August 2015		33,312	177,834
Cash and cash equivalents at 31 August 2016		<u>397,927</u>	<u>33,312</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		392,170	27,555
Short term deposits		5,757	5,757
Cash and cash equivalents at 31 August 2016		<u>397,927</u>	<u>33,312</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2011

I ACCOUNTING POLICIES

a General information and basis of preparation

The Queen's Foundation For Ecumenical Theological Education is a charity limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are the provision of theological education and training and the promotion of research in theology and related subjects.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and there have been no material changes to the financial statements as a result.

b Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. Endowment funds represent grants, donations and legacies where the income may be used for general purposes but the capital must be retained.

c Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.



Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charitable company earns the right to consideration by its performance. Where income is received in advance of performance it is treated as deferred income and included within creditors.

d Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

e Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Land & Buildings - Leasehold	Nominal £10,000 for expiration of lease 4% on cost of major extensions and building works 10% on cost of refurbishments
Heating & plant	20% of cost
Motor vehicles	25% on cost written down to a minimum of £1
Audio visual equipment	33% on written down value or subsequent cost
Mowers & garden equipment	20% - 33% on cost
Computers	33% on cost
All other furniture & equipment	20% - 33% on written down value at 31.8.89 or subsequent cost

Individual fixed assets costing £500 or more are capitalised at cost.

f Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

g Stocks

All sundry food and materials are written off in the year of purchase.

h Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

i Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

j Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.



The charity operates a defined benefit plan for the benefit of its employees. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

k Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

l Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

3 TANGIBLE FIXED ASSETS

Cost	Land and Buildings £	Furniture & Equipment £	Heating & Plant £	Total £
Balance at 1st September 2015	3,802,397	359,608	167,816	4,329,821
Adjustments				0
Additions	318,220	3,879	234	322,333
	<u>4,120,617</u>	<u>363,487</u>	<u>168,050</u>	<u>4,652,154</u>
Accumulated depreciation				
Balance at 1st September 2015	1,607,349	276,905	97,796	1,982,050
Charge for the year	189,947	12,843	9,110	211,900
	<u>1,797,296</u>	<u>289,748</u>	<u>106,906</u>	<u>2,193,950</u>
Net book value				
At 31st August 2016	<u>2,323,321</u>	<u>73,739</u>	<u>61,144</u>	<u>2,458,204</u>
At 31st August 2015	<u>2,195,048</u>	<u>82,703</u>	<u>70,020</u>	<u>2,347,771</u>

The net book value of land and buildings comprised:

	2016 £	2015 £
Freehold	-	-
Long leasehold	2,323,321	2,195,048
Short leasehold	-	-

4 INVESTMENT INCOME

	2016 £	2015 £
Interest - Investment funds	60,457	58,182
Interest - Property funds	18,576	18,576
Interest - Fixed Interest Securities	1,146	1,057
Interest on cash deposits	55	62
Sundry interest	7,388	8,766
	<u>87,622</u>	<u>86,643</u>

Of the above, £84,214 was unrestricted (2015: £83,540) and £3,408 was restricted (2015: £3,103).

5 GRANTS AND DONATIONS

	2016 £	2015 £
Westhill Trustees	-	2,300
Methodist Church	414,262	29,151
St Boniface Trust (Mission)	961	-
United Friends of Queens	1,577	1,691
Common Awards Seed Corn Grant	-	2,000
Archbishops' Council	-	-
Legacy	18,788	5,000
Grimmit Trust	3,500	-
Principal's Discretionary Fund	1,015	1,515
Other donations less than £1,000	22	2,267
	<u>440,125</u>	<u>43,924</u>

Of the above, £439,110 was unrestricted (2015: £42,409) and £1,015 was restricted (2015: £1,515).

6 FIXED ASSET INVESTMENTS

	2016 £	2015 £
Market value at 1st September 2015	2,136,003	2,067,127
Dividends received and reinvested	7,388	8,766
Purchase of Investments	-	-
Sale of Investments	(260,000)	-
Profit on sale/redemption of investments	17,241	-
Net unrealised profit on revaluation	164,790	60,110
Market value at 31st August 2016	<u>2,065,422</u>	<u>2,136,003</u>
Historical cost at 31st August 2016	<u>995,101</u>	<u>1,125,336</u>

The investments comprise of a portfolio of funds managed by CCLA Investment Management Ltd.

	2016 £	2015 £
Investments at market value comprise:		
Investment fund income shares	1,708,313	1,777,250
Property funds	328,062	332,762
Fixed interest securities fund income shares	29,048	25,991
	<u>2,065,423</u>	<u>2,136,003</u>

7 DEBTORS

	2016 £	2015 £
Debtors	177,397	147,875
Prepayments & Accrued Income	54,525	39,140
Provision for Doubtful Debts	<u>(24,289)</u>	<u>(27,612)</u>
	<u>207,633</u>	<u>159,403</u>

8 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade Creditors	249,617	102,647
Other Creditors	62,720	67,475
Tax & Social Security	23,634	22,203
Accruals & deferred income	<u>149,685</u>	<u>128,965</u>
	<u>485,655</u>	<u>321,290</u>

Included within other creditors is £63,211 (2015 - £62,807) held on behalf of third parties. These funds are included within investments and bank.

9 CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Loan from the Methodist Church	5,000	5,000
CW Pension Fund Accrual	<u>-</u>	<u>-</u>
	<u>5,000</u>	<u>5,000</u>

The loan from the Methodist Church is to support the Research Centre. The loan is interest free.

The CW Pension Fund Account was paid over a period of 5 years beginning 1st April 2012. The actuarial valuation as at 31 December 2016 shows the fund attributable to The Queen's Foundation in surplus. Therefore no further deficit payments are due currently.



10 RESTRICTED FUNDS

	Movement in Funds			Balance 31/08/16 £
	Balance 01/09/15 £	Incoming Resources £	(Expenditure) & Gains £	
Consolidated Bursary Fund	84,354	3,408	8,472	96,234
Methodist Building Grants:				
Library Extension	351,042	-	(22,118)	328,924
New Building Refurbishment	122,400	-	(6,800)	115,600
Mission Centre Fund	118,650	-	(20,514)	98,136
Principal's Discretionary Fund	3,242	1,015	(783)	3,474
	<u>679,688</u>	<u>4,423</u>	<u>(41,743)</u>	<u>642,368</u>

The Bursary Fund is an amount held in investments which is available at the joint discretion of the Principal and Director of Finance & Operations to subsidise the costs of fees of deserving needy students.

The Methodist Library Fund provided for the extension of the existing library to house the book collection of the Selly Oak Centre for Mission Studies.

The New Building grant represents part cost of the refurbishment of living accommodation for international mission students.

The Mission Centre Fund comprises a share of the funds released by the winding up of the Selly Oak Colleges Endowment Fund and are available for appropriate projects.

The Principal's Discretionary Fund consists of a deposit and bank accounts set aside to support the living costs of needy students.

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible Fixed Assets	1,175,380	448,115	834,709	2,458,204
Investments	1,974,434	90,988	-	2,065,422
Current Assets	502,295	103,265	-	605,560
Creditors - Within one year	(485,655)	-	-	(485,655)
- After one year	(5,000)	-	-	(5,000)
	<u>3,161,454</u>	<u>642,368</u>	<u>834,709</u>	<u>4,638,531</u>

NOTE : The Endowment Fund includes grants repayable on the dissolution of the College to :

The Central Board of Finance of the Church of England	150,400
The Trustees for Methodist Church Purposes	128,568
	<u>278,968</u>

The Restricted Fund includes grants repayable on the dissolution of the College to :

The Trustees for Methodist Church Purposes	615,126
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12 UNRESTRICTED FUNDS

Designated Funds

	Balance 01/09/15 £	Incoming Resources £	Resources Expended £	ains, (Losses) & Allocations £	Balance 31/08/16 £
AD 2062 Stephen Lloyd Fund	607,987	7,388	-	-	615,375
Research Fund	187,320	-	(20,783)	-	166,537
Church Workers' Pension Fund Liability	195,531	-	-	-	195,531
	<u>990,838</u>	<u>7,388</u>	<u>(20,783)</u>	<u>-</u>	<u>977,443</u>

The AD2062 Stephen Lloyd Fund is set up to provide resources for the renewal of the lease in 2062.

The Research Fund was set up when the assets of the Research Fellowship Trust were transferred to the Foundation and is created to support the objectives of research and research fellowships.

The Church Workers' Pension Fund liability is to provide cover for any future liability within this scheme following an actuarial valuation.



12 UNRESTRICTED FUNDS (Cont'd)

Unrestricted Funds

	Balance 01/09/15 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Balance 31/08/16 £
Designated funds	990,838	7,388	(20,783)	-	977,443
Unrestricted Funds	1,683,935	2,419,718	(2,092,801)	173,159	2,184,011
	2,674,773	2,427,106	(2,113,584)	173,159	3,161,454

13 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2016 £	2015 £
Student Fees		
Centre for Ministerial Formation	1,463,032	1,377,774
Centre for Mission Studies	56,100	29,546
Non Residential tuition	168,027	198,452
Research Centre	40,827	40,067
	<u>1,727,986</u>	<u>1,645,839</u>
Accommodation Charges		
Married accommodation	99,336	110,677
Lettings of single rooms etc.	53,769	59,254
Conferences, guests etc.	22,692	16,997
	<u>175,797</u>	<u>186,928</u>
Total Fees & Accommodation Charges	<u><u>1,903,783</u></u>	<u><u>1,832,767</u></u>

14 ANALYSIS OF CHARITABLE EXPENDITURE

	2016 £	2015 £
Academic & Library Costs	1,167,732	1,056,317
Administrative Costs (excluding Governance)	357,207	323,851
Catering Costs	209,249	185,526
Domestic Costs	60,592	53,705
Premises Costs	503,011	447,770
Governance Costs	27,436	29,817
	<u><u>2,325,228</u></u>	<u><u>2,096,986</u></u>

14a GOVERNANCE COSTS

	2016 £	2015 £
Salaries - operational staff	21,256	18,927
Audit fee	6,180	6,600
Auditors non audit fees	-	4,290
	<u><u>27,436</u></u>	<u><u>29,817</u></u>

15 STAFF EMOLUMENTS

	2016 £	2015 £
Salary Costs	1,116,474	962,020
National Insurance	87,422	80,656
Pension Costs	148,923	124,349
	<u>1,352,819</u>	<u>1,167,025</u>

No employee received emoluments, as defined for tax purposes of over £60,000 in either year.

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2016 FTE	2016 Number	2015 FTE	2015 Number
Academic and Library	19.5	25.0	18.5	21.0
Administrative and Others	19.0	21.0	18.4	23.0
	<u>38.5</u>	<u>46.0</u>	<u>36.9</u>	<u>44.0</u>

The total amount of employee benefits received by key management personnel is £268,823 (2015: £227,607).

16 AUDITORS REMUNERATION

	2016 £	2015 £
The auditors remuneration is comprised of: -		
Audit Fees	6,180	6,600
Other Services	-	4,290
	<u>6,180</u>	<u>10,890</u>

17 TRUSTEES REMUNERATION

Trustees received £551 for the reimbursement of travelling expenses during the year (2015: £547)

No trustee received any remuneration during the year (2015: £nil).

17a FINANCIAL COMMITMENTS

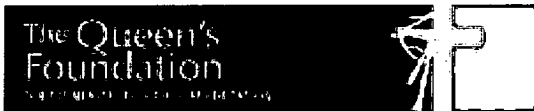
Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than one year	4,057	2,142
Later than one and not later than five years	9,434	5,352
Later than five years	-	-

18 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income/(expenditure) for the year	267,747	(73,552)
Interest receivable	(87,622)	(86,643)
Depreciation and impairment of tangible fixed assets	211,900	196,935
(Gains) on investments	(164,790)	(60,100)
(Profit) on disposal of fixed asset investments	(17,241)	-
(Increase) / decrease in debtors	(48,230)	171,228
Increase / (decrease) in creditors	184,950	(156,742)
	<u>346,714</u>	<u>(8,874)</u>
Net cash flow from operating activities	<u>346,714</u>	<u>(8,874)</u>



19 PENSION COSTS

The Foundation contributes to non-contributory defined benefit schemes operated by the Church of England for ordained clergy (CEFPS) and non ordained employees (CWPF). Where appropriate the Foundation also contributes to the Methodist Ministers Pension Fund (MMPF), which is also a defined benefit scheme. For staff not covered in the above arrangements a stakeholder (defined contribution) pension scheme is operated with Friends Life & Pensions Ltd (FL).

During the year the Foundation's contributions were:

	2016 £	2015 £
CEFPS	35,699	39,835
CWPF	17,285	22,055
MMPF	36,896	36,528
FL	56,701	25,048
	<u>146,581</u>	<u>123,466</u>

All three of the defined benefit schemes in place are accounted for as defined contribution schemes because sufficient information is not available to use defined benefit accounting.

CEFPS

The CEFPS is a defined benefit scheme but the Foundation is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate.

At the latest valuation, on 31 December 2012, the deficit was calculated as being £293M. The CEFPS has relinquished its contracting out certificate, thus increasing the national insurance payable by employers and the state pension receivable by scheme beneficiaries.

Currently, contributions are equivalent to 39.9% of stipends, and it is not certain what rises in this percentage there may be in 2017 and onwards as a result of any increase in the deficit.

CWPF

The Queens Foundation (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers. The Foundation closed the scheme to new members in 2005.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

During 2012/13, existing members were transferred into the CWPF's Pension Builder Scheme (PBS), which is a hybrid defined contributions scheme, within which each year of entitlement is equated with a guaranteed pension amount. This scheme is non-contributory and the contributions are based on 20% of members salaries. At the last actuarial valuation, the deficit was £3.2M. Prior to Queen's joining the scheme, the deficit in the 2011 valuation was £7.4M. The reduction is largely the position as a result of improvements in market conditions, specifically in government bond yields, which improved by £1.3M, better than expected asset returns, improving the position by £1.1M and the decision not to grant a discretionary bonus, improving the position by £2.2M.

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the



advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £4,100 per year.

MMPS

The most recent MMPS valuation, carried out at 1 September 2014, indicated that the scheme had a deficit. The Methodist Conference plans to recover by contributions of 9.8% of Stipends per annum over the period from 1 September 2015 to 31 December 2020. In addition, the fixed annual contribution of £1m per year from the Pension Reserve Fund will continue until the shortfall is eliminated.

20 COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and does not have a share capital. Each member liability is limited to a maximum of £1.

As at 31st August 2016 there were 12 members of the charitable company (2015: 12)