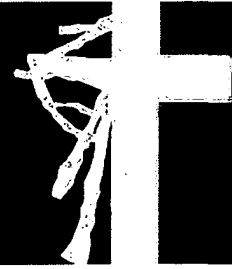


The Queen's
Foundation

FOR ECUMENICAL THEOLOGICAL EDUCATION



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

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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

Company Registration No 05511503

Charity Registration No 1111892

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ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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GOVERNORS 2017-18

- C Revd Kenneth Howcroft (appointed June 2015)
- C Mr John Bell (appointed January 2014, re-elected June 2017)
- C The Ven Simon Heathfield (appointed June 2015)
- C Mrs Marilyn Hull (appointed 16 June 2016 resigned 18 October 2018)
- C Mrs Julia Tozer (appointed 16 June 2016)
- C Dr Paul Stewart (appointed 16 June 2016)
- C Mrs Mavis Jones (appointed 17 November 2017)

- N Dr Rachel Jepson (appointed Dec 2012, re-elected June 2016)
(Nominee of the General Synod)
- N The Revd Dr Stephen Wigley MA, MPhil, PhD (appointed Dec 2012, re-elected June 2017 resigned 18 October 2018)
- N The Revd Dr Liz Smith (appointed Jan 2014, re-elected June 2017)

Key:

- C Co-opted Governors
- N Nominated Governors

Auditors

JW Hinks LLP
19 Highfield Road
Edgbaston
Birmingham B15 3BH

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



FOUNDATION STAFF 2017-18

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 BA, PhD University of Durham
(*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*)

Revd Jess Foster BA (Hons) PGCE, MA Newman University
(*Anglican*)

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

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

Dr Fran Porter BA, PhD University of Ulster
(*Anglican*)

Revd Dr Carlton Turner BA, MA, University of Birmingham, PhD University of Gloucestershire
(*Anglican*)

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

Deacon Kerry Scarlett, MA, Newman University
(*Methodist*)

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

Ms Helen Stanton
(*Catholic & Anglican*)

Revd Jeanette Hartwell PhD, Birmingham University
(*Anglican*)

Revd Simon Sutcliffe BA, MA University of Manchester
(*Methodist*)

Dr Rachel Starr BA (Hons), STM; University of Oxford, Union Theological Seminary City of New York, ThD, Instituto Universitario ISEDET, Buenos Aries
(*Methodist*)

Dr Andrew Hayes MA, MSc, PhD University of Edinburgh
(*Presbyterian*)

Revd Dr Paul Nzacahayo MBA, MTh, PhD University of Edinburgh
(*Methodist*)

Revd Dr Jonathan Dean MA, PhD Cambridge University
(*Methodist*)

Director of Finance

Paul D Bayliss MA ACA



GOVERNORS' REPORT

The members of the board of Governors present their report together with the financial statements of The Queens Foundation for Ecumenical Theological Education for the year ended 31 August 2018. 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 positive and successful year with planned campus developments coming to fruition and new undertakings successfully achieved. These include opening new residential and teaching accommodation, enhancing the academic partnership with the Vrije Universiteit Amsterdam, and applying for Approved Provider registration with the Office for Students. Areas of academic quality and management include:

1. We have received a positive outcome of the annual monitoring and review process by the QAA. The report describes us making "acceptable progress" against the action plan generated from the main review.
2. We have enhanced our Partnership with VU University of Amsterdam when on 15th September the Academic Dean of the Faculty of Theology conferred the title and role of Professor on Nicola Slee and publicly admitted her to the Queen's Chair of Feminist and Practical Theology.
3. On 2nd October 2017 the Frances Young House, a new 32 bedroom residential facility, with two teaching rooms, was formally opened by the Revd Professor Frances Young. Students took up residence from the beginning of September 2017.
4. We have successfully renewed our Tier 4 license and Trusted Sponsor status with the Home Office, passing our compliance assessment, and thereby enabling us to continue to sponsor students under the Tier 4 visa provision.
5. We have complied and received the designation 'credible' with all our data returns for the following areas:
 - The Higher Education Statistics Authority (HESA);
 - The National Students Survey (NSS);
 - The Destination of Leavers in Higher Education (DLHE).
6. We have completed the application process to register with the Office for Students as an Approved Provider [(lower) fee cap].
7. We held the third annual Queen's public lecture given by Professor Sarah Coakley on the 25th June 2018 at St Martin's in the Bullring, on the theme "Christian Worship and Desire".
8. We have completed and ended our research partnership with the University of Gloucestershire.
9. Academic staff have been active in research and publications: Rachel Starr on the publication by Routledge of "Reimagining Theologies of Marriage in Contexts of Domestic Violence: When Salvation is Survival"; Jonathan Dean on the publication of "To Gain at Harvest: Portraits from the English Reformation"; Nicola Slee and Fran Porter on the publication by Routledge of "Researching Female Faith: Qualitative Research Methods"; Dave Allen on the publication by SCM Press of "According to the Scriptures: The Death of Christ in the Old Testament and the New"; Mark Earey on the re-publication by Church House Publishing of "Liturgical Worship: A basic introduction - revised and expanded edition", and Andrew Hayes on the publication by the Grove Books Ethics Series of "Embodying the Good – introducing James K A Smith Cultural Liturgies Project".



The Old Building was badly damaged by a flood caused by a burst water pipe after the very cold weather in March 2018. The fire brigade, staff and students worked hard to minimise the damage, especially by implementing the library disaster plan. It was fortunate that the worst flooding was not in that section of the building and only 70 books had to be removed for emergency drying. There was no injury to people and damage to personal property was also limited. Since then work has proceeded quickly to dry out the building and make repairs. The building was brought back into normal use at the end of May 2018.

Academic Staffing changes

The Revd Simon Sutcliffe and Dr Ash Cocksworth left the staff team to take up appointments in the Methodist Church and the University of Roehampton respectively. We welcomed to the staff team the Revd Dr Carlton Turner and Deacon Jess Foster.

Administrative staff changes

The increased demand on the campus and opportunity for new conference work led to the appointing in the summer of 2017 of two new managers: Mark McFadzean as Campus and Facilities Manager and Dede Tyndall as Hospitality and Conference Manager. Chris Handley, facilities officer, retired at Christmas and his colleague, Patrick Carss, resigned in February. We have welcomed Melvin Corfield as a new facilities officer.

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 ten members (Governors).

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 and General Purposes 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. 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, especially through relationships with many Pentecostal churches



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 deficiency of £36,910 (2017, £101,913 (deficiency)) before changes in investment values. Small increases in numbers of students resulted in slightly increased fee income. Most operating costs were held in line with expected activity and but maintenance charges have continued to be somewhat higher than anticipated. Repair costs for the flood during the year were covered by the insurance company.

Investment values rose due to reasonable investment performance and the year-end valuation produced an unrealised profit on investments of £145,284 (2017, £190,237) this was split between unrestricted funds, £137,406 (2017, £180,060) and restricted funds, £7,878 (2017, £10,177). There were no sales of investments during the year.

The results of the actuarial valuation of the Church Worker's Pension Fund as at 31st December 2016 showed that our funding target of £1,239m was lower than its assets which were valued at £1,218m. As a result of the valuation there are additional minor contributions due of £3,953 per annum for 7 years which commenced on 1 April 2018.

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 free reserves in total amount to £2,252,289 (2017, £2,133,444) which represent 11 months unrestricted operating expenditure. It has been the objective of the Governors to build these reserves up to a sum equal to 12 months unrestricted operating costs of the institution.

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.

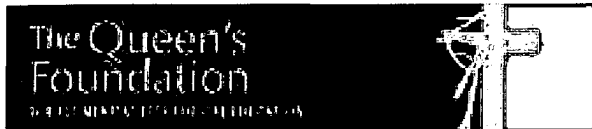
Governors' Responsibilities

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.

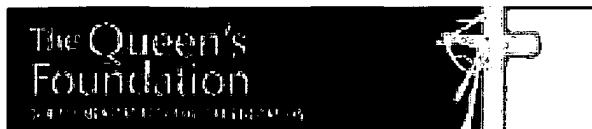
Auditors

JW Hinks LLP were appointed auditors during the year and they 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 30 November 2018



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

Opinion

We have audited the financial statements of The Queen's Foundation for Ecumenical Theological Education (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the statement of cash flows and the related 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 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.

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.

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 Report of the Governors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 our 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.

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, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

Responsibilities of trustees

As explained more fully in the governors' responsibilities statement set out on page 6, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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

Peter Smith ACA Senior Statutory Auditor
For and on behalf of
JW Hinks LLP, Statutory Auditor
19 Highfield Road
Edgbaston
Birmingham
B15 2BH

Date: 30 November 2018



**STATEMENT OF FINANCIAL ACTIVITIES (inc INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31st AUGUST 2018**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
INCOME						
Tuition Fees & Accommodation Charges	13	2,176,412	-	-	2,176,412	2,003,577
Investment Income	4	76,288	3,661	-	79,949	81,431
Grants and Donations	5	77,977	0	-	77,977	186,513
TOTAL INCOME		2,330,677	3,661	-	2,334,338	2,271,521
EXPENDITURE						
Charitable activities						
Costs of Providing Education	14	2,241,444	37,469	92,335	2,371,248	2,373,434
TOTAL EXPENDITURE		2,241,444	37,469	92,335	2,371,248	2,373,434
Unrealised gains on investments	6	137,406	7,878	-	145,284	190,237
Realised gains on investments	6	0	-	-	0	9,059
NET INCOME/(EXPENDITURE) being net movement in funds		226,639	(25,930)	(92,335)	108,374	97,383
Reconciliation of funds:						
Funds brought forward at 1st September 2017		3,418,545	616,095	701,274	4,735,914	4,638,531
Funds carried forward at 31st August 2018	10, 11, 12	3,645,184	590,165	608,939	4,844,288	4,735,914

All income and expenditure derive from continuing activities.

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 2018

	2018 £	2017 £
Income	2,254,389	2,190,090
Gains on investments	145,284	199,296
Interest and investment income	79,949	81,431
Gross income	2,479,622	2,470,817
Expenditure	(2,139,517)	(2,124,702)
Depreciation and impairment charges	(231,731)	(248,732)
Total expenditure	(2,371,248)	(2,373,434)
Net income	108,374	97,383

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



BALANCE SHEET AS AT 31st AUGUST 2018
COMPANY NUMBER 05511503

		2018		2017	
	Note	£	£	£	£
FIXED ASSETS					
Tangible Assets	3	2,393,111		2,405,571	
Investments	6	2,330,321		2,174,346	
		<u>4,723,432</u>		<u>4,579,917</u>	
CURRENT ASSETS					
Debtors	7	285,326		235,680	
Short term Deposits		5,757		5,757	
Bank and Cash in hand		<u>288,080</u>		<u>382,205</u>	
		579,163		623,642	
CREDITORS					
Amounts falling due within 1 year	8	<u>(453,307)</u>		<u>(462,645)</u>	
NET CURRENT ASSETS			<u>125,856</u>		<u>160,997</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,849,288		4,740,914
CREDITORS					
Amounts falling due after more than 1 year	9		(5,000)		(5,000)
NET ASSETS			<u><u>4,844,288</u></u>		<u><u>4,735,914</u></u>
CHARITY FUNDS					
Endowment			608,939		701,274
Restricted	10		590,165		616,095
Unrestricted (inc Designated Funds)	12		3,645,184		3,418,545
TOTAL CHARITY FUNDS			<u><u>4,844,288</u></u>		<u><u>4,735,914</u></u>

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

These financial statements were approved by the Board of Governors on 30 November 2018 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 2018

	Note	2018 £	2017 £
Net Cashflow from operating activities	18	<u>55,888</u>	<u>14,331</u>
Property funds			
Payments to acquire fixed assets		(219,271)	(196,099)
Payments to acquire investments		(10,691)	(9,628)
Receipts from sales of investments		0	100,000
Interest received		79,949	81,431
Net cash flow from investing activities		<u>(150,013)</u>	<u>(24,296)</u>
Net increase/(decrease) in cash and cash equivalents		(94,125)	(9,965)
Cash and cash equivalents at 31 August 2017		387,962	397,927
Cash and cash equivalents at 31 August 2018		<u>293,837</u>	<u>387,962</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		288,080	382,205
Short term deposits		5,757	5,757
Cash and cash equivalents at 31 August 2018		<u>293,837</u>	<u>387,962</u>

1 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.

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 donor 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

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 if required. 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	Long Leasehold			Total £
	Land & Buildings £	Furniture & Equipment £	Heating & Plant £	
Balance at 1st September 2017	4,288,250	391,240	168,763	4,848,253
Additions	56,775	155,015	7,481	219,271
Total cost at 31 August 2018	<u>4,345,025</u>	<u>546,255</u>	<u>176,244</u>	<u>5,067,524</u>
Accumulated depreciation				
Balance at 1st September 2017	2,011,274	311,299	120,109	2,442,682
Charge for the year	201,770	22,304	7,657	231,731
Total depreciation at 31 August 2018	<u>2,213,044</u>	<u>333,603</u>	<u>127,766</u>	<u>2,674,413</u>
Net book value				
At 31st August 2018	<u>2,131,981</u>	<u>212,652</u>	<u>48,478</u>	<u>2,393,111</u>
At 31st August 2017	<u>2,276,976</u>	<u>79,941</u>	<u>48,654</u>	<u>2,405,571</u>

4 INVESTMENT INCOME

	2018 £	2017 £
Interest - Investment funds	49,574	51,881
Interest - Property funds	18,576	18,576
Interest - Fixed Interest Securities	1,057	1,057
Interest on cash deposits	51	289
Interest reinvested	10,691	9,628
	<u>79,949</u>	<u>81,431</u>

Of the above, £76,288 was unrestricted (2017: £78,147) and £3,661 was restricted (2017: £3,284).

5 GRANTS AND DONATIONS

	2018 £	2017 £
Methodist Church	8,000	176,922
St Boniface Trust (Mission)	1,321	1,203
United Friends of Queens	999	1,004
St Peters Saltley	390	3,665
Legacy	60,000	169
Grimmit Trust	3,500	3,500
Principal's Discretionary Fund	-	-
Other donations less than £1,000	3,767	50
	<u>77,977</u>	<u>186,513</u>

Of the above, £77,977 was unrestricted (2017: £186,513) and £0 was restricted (2017: £0).

6 FIXED ASSET INVESTMENTS

	2018 £	2017 £
Market value at 1st September 2017	2,174,346	2,065,422
Dividends received and reinvested	10,691	9,628
Purchase of Investments	-	-
Sale of Investments	-	(100,000)
Profit on sale/redemption of investments	-	9,059
Net unrealised profit on revaluation	145,284	190,237
Market value at 31st August 2018	<u>2,330,321</u>	<u>2,174,346</u>
Historical cost at 31st August 2018	<u>967,241</u>	<u>956,550</u>

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

	2018 £	2017 £
Investments at market value comprise:		
Investment fund income shares	1,960,758	1,808,539
Property funds	343,337	338,312
Fixed interest securities fund income shares	26,226	27,495
	<u>2,330,321</u>	<u>2,174,346</u>

7 DEBTORS

	2018 £	2017 £
Debtors	282,169	195,436
Prepayments & Accrued Income	47,129	79,884
Provision for Doubtful Debts	(43,972)	(39,640)
	<u>285,326</u>	<u>235,680</u>

8 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade Creditors	387,468	106,956
Other Creditors	18,026	32,013
Tax & Social Security	23,033	23,715
Accruals & deferred income	24,780	299,961
	<u>453,307</u>	<u>462,645</u>

Included within other creditors is £8,812 (2017 - £22,936) held on behalf of third parties. These funds are included within investments and bank.

9 CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Loan from the Methodist Church	<u>5,000</u>	<u>5,000</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.



10 RESTRICTED FUNDS

	Movement in Funds			Balance 31/08/18 £
	Balance 01/09/17 £	Incoming Resources £	(Expenditure) & Gains £	
Consolidated Bursary Fund	109,696	3,351	7,878	120,925
Methodist Building Grants:				
Library Extension	306,805		(22,118)	284,687
New Building Refurbishment	108,800		(6,800)	102,000
Mission Centre Fund	87,729		(8,486)	79,243
Principal's Discretionary Fund	3,065	310	(65)	3,310
	<u>616,095</u>	<u>3,661</u>	<u>(29,591)</u>	<u>590,165</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	1,393,894	390,278	608,939	2,393,111
Investments	2,221,278	109,043	-	2,330,321
Current Assets	488,319	90,844	-	579,163
Creditors - Within one year	(453,307)	-	-	(453,307)
- After one year	(5,000)	-	-	(5,000)
	<u>3,645,183</u>	<u>590,165</u>	<u>608,939</u>	<u>4,844,288</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	<u>546,800</u>
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12 UNRESTRICTED FUNDS

Designated Funds

	Balance 01/09/17 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Balance 31/08/18 £
AD 2062 Stephen Lloyd Fund	625,003	10,691	-	-	635,694
Research Fund	145,409	-	(21,490)	-	123,919
Church Workers' Pension Fund Liability	195,531	-	-	-	195,531
	<u>965,943</u>	<u>10,691</u>	<u>(21,490)</u>	<u>-</u>	<u>955,144</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 01/09/17 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Balance 31/08/18 £
Designated funds	965,943	10,691	(21,490)	-	955,144
Unrestricted Funds	2,452,602	2,319,986	(2,219,954)	137,406	2,690,040
	3,418,545	2,330,677	(2,241,444)	137,406	3,645,184

13 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2018 £	2017 £
Student Fees		
Centre for Ministerial Formation	1,738,039	1,640,132
Centre for Mission Studies	14,125	15,640
Non Residential tuition	142,462	130,228
Research Centre	58,519	15,487
	<u>1,953,145</u>	<u>1,801,487</u>
Accommodation Charges		
Married accommodation	124,773	100,240
Lettings of single rooms etc.	81,683	61,591
Conferences, guests etc.	16,811	40,259
	<u>223,267</u>	<u>202,090</u>
Total Fees & Accommodation Charges	<u><u>2,176,412</u></u>	<u><u>2,003,577</u></u>

14 ANALYSIS OF CHARITABLE EXPENDITURE

	2018 £	2017 £
Academic & Library Costs	1,065,624	1,097,964
Administrative Costs (excluding Governance)	445,158	396,390
Catering Costs	208,320	189,077
Domestic Costs	63,605	54,480
Premises Costs	562,665	606,111
Governance Costs	25,875	29,412
	<u>2,371,247</u>	<u>2,373,434</u>

14a GOVERNANCE COSTS

	2018 £	2017 £
Salaries - operational staff	22,005	21,552
Audit fee	3,870	7,860
Auditors non audit fees	-	-
	<u>25,875</u>	<u>29,412</u>



15 STAFF EMOLUMENTS

	2018 £	2017 £
Salary Costs	1,125,874	1,124,235
National Insurance	82,827	86,404
Pension Costs	143,899	148,208
	<u>1,352,600</u>	<u>1,358,848</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:

	2018 FTE	2018 Number	2017 FTE	2017 Number
Academic and Library	16.2	19.0	19.0	21.0
Administrative and Others	18.6	26.0	17.8	24.0
	<u>34.8</u>	<u>45.0</u>	<u>36.8</u>	<u>45.0</u>

The total amount of employee benefits received by key management personnel is £318,727 (2017: £277,417).

16 AUDITORS REMUNERATION

	2018 £	2017 £
The auditors remuneration is comprised of: -		
Audit Fees	5,760	7,860
Other Services	-	-
	<u>5,760</u>	<u>7,860</u>

17 TRUSTEES REMUNERATION

Trustees received £258 for the reimbursement of travelling expenses during the year (2017: £258)

No trustee received any remuneration during the year (2017: £nil).

17a FINANCIAL COMMITMENTS

Operating lease commitments

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

	2018 £	2017 £
Not later than one year	8,632	4,057
Later than one and not later than five years	25,897	5,011
Later than five years	-	-

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

	2018 £	2017 £
Net income/(expenditure) for the year	108,374	97,383
Interest receivable	(79,949)	(81,431)
Depreciation and impairment of tangible fixed assets	231,731	248,732
(Gains) on investments	(145,284)	(190,237)
(Profit) on disposal of fixed asset investments	0	(9,059)
(Increase) / decrease in debtors	(49,646)	(28,047)
Increase / (decrease) in creditors	(9,338)	(23,010)
	<u>55,888</u>	<u>14,331</u>
Net cash flow from operating activities	<u>55,888</u>	<u>14,331</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:

	2018 £	2017 £
CEFPS	37,351	32,564
CWPF	18,439	16,846
MMPF	31,683	37,419
FL	56,426	61,379
	<u>143,899</u>	<u>148,208</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 and considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

At the latest valuation on 31 December 2015, contributions were retained at a rate equivalent to 39.9% of stipends.

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.

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 2016. In this valuation, the Foundations share of the underlying assets and liabilities was shown to be a deficit of £20,400. With effect from 1 April 2018 the Foundation will need to pay annual deficit contributions of £4,737.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £4,500 per year.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.



Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014.

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 2018 there were 10 members of the charitable company (2017: 12)

21 RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended 31 August 2018.