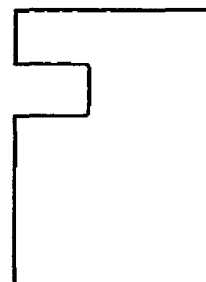


**The Queen's
Foundation**
1970-2020



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

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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

Company Registration No 05511503

Charity Registration No 1111892



ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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Governors 2019-20

Co-opted Governors

- The Revd Kenneth Howcroft, President of the Governing Body (Methodist). Former President of the Methodist Conference
- The Rt Rev Paul Bayes, (Anglican) Bishop of Liverpool (appointed 07/02/2020) Vice President of the Governing Body (elected 06/07/2020)
- The Revd Claire Maxim (Anglican), CEO Germinate
- Dr Paul Stewart, Head of Training, Church of God of Prophecy
- The Revd Lucy Winkett (Anglican), Rector, St. James', Piccadilly
- Professor Helen Dent, (Anglican), Reader
- Mrs Mavis Jones (Wesleyan Holiness Church)
- The Revd Chris Collins (Methodist, Wolverhampton Circuit) (appointed 20/11/2019)
- The Rt Revd Sarah Bullock (Anglican) Bishop of Shrewsbury (appointed 06/07/2020)

Nominated Governors

- The Ven. Simon Heathfield (Anglican), Archdeacon of Aston (West Midlands Bishops' nominee)
- Dr Rachel Jepson (Anglican), General Synod Representative, Birmingham Diocese.
- Professor Ken Mortimer (Methodist, nominated by the Methodist Council) (appointed 20/11/2019)
- The Revd Helen Kirk (Methodist), Chair of Chester and Stoke-on-Trent District (nominated by the Methodist Council) (appointed 20/11/2019)

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

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 2020. 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 Governors Introduction

Periodic External Review. This has been a positive and successful year in spite of challenges posed by the global pandemic from March. The first half of the year was marked by the publication of the results of the successful Periodic External Review (PER) Inspection, following a week-long visit in October 2019. The PER process, enacted by a team of reviewers from both our sponsoring churches (Church of England and Methodist Church in Great Britain) and one of our University validation partners, Durham University, is a comprehensive review of the life, leadership and governance of the Foundation. Reviewers meet with staff, governors, students and key denominational partners to inform their findings and decisions. The Foundation has been awarded an unqualified 'Confidence' verdict in all these areas. This is the highest possible commendation, and a rare accolade.

In particular, the inspectors praised:

- the Foundation's pioneering work in Black Theology and the broadening of the curriculum to include non-Western perspectives and voices;
- its success in modelling a genuinely inclusive formational community of faith, encompassing all theological traditions and a breadth of cultural backgrounds; and
- its excellence in teaching, research, global partnerships and scholarship.

Retirement of David Hewlett. In September, after a successful period of 17 years' service, the Principal Revd Canon Dr David Hewlett, made known his decision to retire at the end of the academic year 2019-20. A recruitment process took place in early March 2020 and Professor Clive Marsh, was appointed and commenced in post formally on 1st September 2020. Clive joined Queen's after a year as Vice-President of the Methodist Conference, nearly 12 years at the Centre for Lifelong Learning at the University of Leicester, and over thirty years in theological and higher education.

Distance Learning. In Autumn 2019, governors were approached by the Council of another TEI (St John's College, Nottingham) and invited to take on their Distance Learning (DL) provision and a significant package of investment as part of their planned programme of closure. A Memorandum of Understanding was signed by both parties and, following an extensive Partnership Change process, approval was obtained from Durham University (the validating university for both institutions) for Queen's to deliver DL pathways. As such, all was on track for the transfer of around 20 staff (the majority of whom were associate tutors) and 100 students on 1st August 2020.

Regrettably, St John's was forced to pull out of its commitments to the Foundation in late July and the contract transfer could not take place. The Foundation was instead asked by both the Archbishops' Council of the Church of England and by Durham University to offer the possibility of individual transfers to safeguard student academic pathways. Following emergency governor meetings this was agreed and individual transfers have been processed over the Summer with the majority of students and tutors choosing to move to Queen's. Investment from the Archbishops' Council was provided to ensure the safe transfer of these students and to mitigate against set-up costs borne by the Foundation at very short notice.

50th Anniversary 2020. A calendar of events was planned for 2020 to celebrate 50 years since Queen's became an Ecumenical Foundation and also to mark David Hewlett's retirement. This commenced with Queen's hosting an international conference the 'South Asia Forum' in February. All other events, however, had to be cancelled or postponed due to Covid-19.



Strategic Plan. The existing Strategic Plan came to a close in 2019-20 and Governors signed off a new plan for the next five years in the summer. This prioritises for development the areas of: Black Theology, Research, Distance Learning and the work with Global Students funded by the Partnership in Theological Education (PITE).

Financial Systems and Reporting. As a result of the Office for Student (OfS) financial reporting requirements the decision was taken to overhaul completely the nominal codes used by the Foundation for many years and to introduce codes and cost centres that better reflected the operational reality. A new software Xero was introduced which has enabled wider staff access to budget information and will enable Centre Directors to monitor their budget in year. The change in coding reflects OfS requirements to separate tuition fee and accommodation charges traditionally grouped together by such as the Foundation's sponsoring bodies. It is hoped that the new coding may assist the process of tracking expenditure. The first OfS Finance return was submitted successfully in January 2020. As a result, comparison of prior years with the 2019-20 budget will be problematic but change was necessary to better monitor sponsorships, centres, pathways and departments going forward. Amendments were made to the risk register to reflect the enhanced monitoring which Xero facilitates. Further work and training to embed these changes is needed in 2020-21.

Covid-19. After keeping the situation under review and monitoring the guidance from sponsoring bodies and partner Universities on Wednesday 18th March the decision was taken to ask all staff who could do so to work from home, to consult with residents about returning home or living on campus during the anticipated lockdown and to switch all teaching to online. This commenced on Friday 20th March with one of the weekend courses and has continued without interruption from that date thanks to the incredible hard work and dedication of contracted teaching staff and associate tutors, and the willingness of students to engage positively in this stressful situation. Consultations were arranged during May and June about ongoing arrangements with the Staff Student Community Forum, and additional meetings of the Academic Quality and Standards Group and the Academic Management Group, all of which have both staff and student representations.

The complex needs and home situations of many students and staff, the wide geographical locations of students who travel to and from Queen's on a weekly basis as weekly commuters or for evening classes and weekend residential, meant a decision was taken early in June not to offer two-tier teaching in 2020-21 (with campus and online) but to plan for high quality online provision for 2020-21 with the ability to switch back to campus learning as soon as that became a possibility. Difficult decisions were taken significantly to reduce the catering offer for the duration, the contract with Connect offering a buffer for quick upscaling when a return to campus learning becomes a possibility. Financial reprofiling highlighted the loss of lucrative spring and summer conference bookings that the hospitality team had worked hard to secure and a potential reduction in student recruitment, mitigated by the transfer of St John's students and the ability to offer genuinely fully distanced provision.

Only limited use of the furlough scheme was possible due to the activity created by the need to switch all provision online and to learn to work as a dispersed team and at home. The health, safety and wellbeing of all students, staff, and families were at the forefront of the decision-making, as were considerations about our impact on our local community, and the communities our students travel from, should an outbreak occur on campus. The closure of places of worship and the switch to online services allowed staff and students both to learn from and support churches themselves making this difficult transition. On 11th September, as Birmingham moved into a second period of restrictions, the decisions taken in the Summer have stood the Foundation in as good a stead as it is possible to be in these most difficult circumstances.

Research and Publications

Academic staff have been active in research and in producing publications. Staff publications include: Dr David Allen co-edited, with Steve Smith, *Methodology in the Use of the Old Testament in the New: Context and Criteria* (T&T Clark 2019) and published "What Are They Saying about Hebrews 13?" in D.M. Moffitt and E.F. Mason eds., *Son, Sacrifice, and Great Shepherd: Studies on the Epistle to the Hebrews* (Mohr Siebeck 2020).

Mark Earey, 'Beyond Common Worship: Imperatives and Hindrances for the Church of England' in Stephen Burns and Robert Gribben, eds., *When We Pray: The Future of Common Prayer* (Coventry Press 2020)

Dr Andrew Hayes, "The Cultural-rootedness of Christian Distinctiveness: James K.A. Smith and Schleiermacher on Theologies of Culture" in *Ecclesiology 16.1* (2020).

Revd. Dr. Judith Rossall, *Forbidden Fruit and Fig Leaves: Reading the Bible with the Shamed* (London: SCM Press 2020).

Prof. Nicola Slee, *Sabbath, the hidden heartbeat of our lives* (DLT 2019)

Academic Staffing changes

As noted above, Revd Canon Dr David Hewlett Retired in July 2020 after 17 years' service. Deacon Kerry Scarlett, moved to a new position with the Methodist Church West Midlands Learning Network based in Lichfield on 1st January 2020 with Deacon Mel Beavan joining part time from the North Cumbria Circuit from 1st Jan, moving into her full-time role at Queen's on 1st Sept 2020. In December Deacon Eunice Attwood obtained a post as the Connexional Church at the Margins Officer for the Methodist Church and will commence in her new role full-time on 1st January 2021. Rev Dr Andrea Russell obtained a post as Director of Ministry with Oxford Diocese in June and will commence in her new role on 1st January 2020.

Administrative staff changes

Hospitality Manager Dede Tyndall left her post in October and Bethany Russell was successfully appointed as Conference and Accommodation Manager in December. A temporary data administrator, Rosie Evans was appointed in January to assist with the transition of St John's distance learning and the additional work on data returns for HESA and OfS this would generate. In July Katherine Onion, Director of Operations and Academic Registrar obtained a role with Juno Women's Aid as head of Finance and Business Support. She will take up her new role in late October 2020.

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 thirteen 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. In July 2020 the Governing body resolved to increase its membership from 14 to 16, increasing the number of COOPTED governors from 10 to 12 to allow the governing body to reflect the widening constituency of its students. Governors will seek to recruit to these positions during 2020-21. 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 annually appoint one of their number to act as President of Governors. The Governors have appointed an Audit Committee (formerly the Finance and General Purposes Committee) which in addition to overseeing the Foundation's financial affairs also scrutinises, evaluates and monitors academic quality and the data that is gathered and reported on to assure this. The Committee reports to governors to support them in their responsibilities in both financial and quality matters. The Audit Committee also considers any specific issues referred to it by the Governors from time to time and considers matters of policy and corporate planning, including acting as a nominations committee for Governor appointments. 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 Dean, the Directors of each of the Formation and Teaching centres, the well-being officer and the Director of Operations/Registrar. They meet very regularly to discuss current matters affecting all aspects of the Foundation.

Remuneration of academic staff

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 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

Additional risks caused by the global pandemic have been added to this list in 2020.

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 Audit 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 the 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.

Statement of Internal Control

The Foundation manages risk through preparing internally a risk register which is regularly monitored and presented for review at the thrice-yearly Audit Committee. The primary objectives of the Foundation are kept in view throughout. Financial components are contained within the register. For 2019-20 an Emergency Planning Document was prepared to assess and enable the off-set of the impact of Covid-19 upon the institution during 2019-20 and 2020-21. Significant staff change (of Principal) and the departure of the Academic Registrar and Director of Operations (one person) has not led to disruption in financial oversight due to continuity in the management accountant staffing and in the auditing processes, plus the imminent arrival of an interim part-time Director of Finance within the Foundation team.

Relationships with the Churches

The fees of candidates for 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 a partnership with the Wesleyan Holiness Church, relationships with many Pentecostal churches and partnerships with a number of dioceses to provide training for Readers in the Church of England and ongoing development for Methodist probationer and Anglican curates.

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 £58,396 (2019: £125,609) before changes in investment values.

Investment values rose due to reasonable investment performance and the year-end valuation produced an unrealised profit on investments of £56,566 (2019: £141,494) this was split between unrestricted funds, £52,169 (2019: £133,534) and restricted funds, £4,397 (2019: £7,960). There were no sales of investments during the year.

The results of the actuarial valuation of the Church Workers' Pension Fund as at 31st December 2019 showed that the funding target of £1,459m was higher than its assets which were valued at £1,458m. As a result of the valuation there are deficit contributions due of £3,553 per annum until 1 April 2021.

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 £2,782,528 (2019: £2,449,472) which represent 16 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. This policy was reviewed by Governors in July 2020 and proposal to amend these was agreed upon. The work to draft a more detailed reserves policy on the basis of the principles agreed by the Governors in July will take place during 2020-21. The impact of Covid-19 on one of the Foundations sources of income (external conferences), and the identification via a 3 years planned preventative maintenance plan of required campus investment led governors to identify the need to release reserved funds for investment in activity during 2020-21 and for the next 2 years.

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

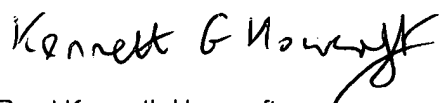
Insofar as the Governors are aware:

- 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
28.10.20

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION (REGISTERED NUMBER:
05511503)**

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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Higher Education and Research Act (HERA 2017).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of 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 Auditors' 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governor's 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 governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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 Report of the Governors' for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors' has been prepared in accordance with applicable legal requirements.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION (REGISTERED NUMBER:
05511503)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' Report.

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 trustees' 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, 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 governors 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 governors 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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

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 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.

Peter Smith ACA (Senior Statutory Auditor)
for and on behalf of J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

Date: 5 November 2020

**STATEMENT OF FINANCIAL ACTIVITIES (inc INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31st AUGUST 2020**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total £	2019 Total £
INCOME						
Tuition Fees & Accommodation Charges	14	2,031,833	100,000	-	2,131,833	2,104,681
Investment Income	4	78,849	3,540	-	82,389	81,561
Grants and Donations	5	13,116	35,157	-	48,273	337,906
Other Income	15	25,920	60,156		86,076	-
TOTAL INCOME		2,149,718	198,853	-	2,348,571	2,524,148
EXPENDITURE						
Charitable activities						
Costs of Providing Education	16	2,016,007	181,833	92,335	2,290,175	2,398,539
TOTAL EXPENDITURE		2,016,007	181,833	92,335	2,290,175	2,398,539
NET INCOME/(EXPENDITURE) before gains/losses		133,711	17,020	(92,335)	58,396	125,609
Unrealised gains on investments	6	52,169	4,397	-	56,566	141,494
Realised gains on investments	6	-	-	-	-	-
NET INCOME/(EXPENDITURE) being net movement in funds		185,880	21,417	(92,335)	114,962	267,103
Reconciliation of funds:						
Funds brought forward at 1st September 2019		3,818,946	775,841	516,604	5,111,391	4,844,288
Funds carried forward at 31st August 2020	10, 11, 12	4,004,826	797,258	424,269	5,226,353	5,111,391

All income and expenditure derive from continuing activities.

BALANCE SHEET AS AT 31st AUGUST 2020
COMPANY NUMBER 05511503

	Note	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible Assets	3	2,231,191		2,470,701	
Investments	6	2,551,100		2,482,832	
		<u>4,782,291</u>		<u>4,953,533</u>	
CURRENT ASSETS					
Debtors	7	318,124		160,949	
Short term Deposits		5,757		5,757	
Bank and Cash in hand		<u>311,049</u>		<u>311,809</u>	
		<u>634,930</u>		<u>478,515</u>	
CREDITORS					
Amounts falling due within 1 year	8	<u>(190,868)</u>		<u>(315,657)</u>	
NET CURRENT ASSETS			<u>444,062</u>		<u>162,858</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,226,353		5,116,391
CREDITORS					
Amounts falling due after more than 1 year	9		-		(5,000)
NET ASSETS			<u><u>5,226,353</u></u>		<u><u>5,111,391</u></u>
CHARITY FUNDS					
Endowment			424,269		516,604
Restricted	10		797,258		775,841
Unrestricted (inc Designated Funds)	12		4,004,826		3,818,946
TOTAL CHARITY FUNDS			<u><u>5,226,353</u></u>		<u><u>5,111,391</u></u>

The notes on pages 13 to 27 form part of these financial statements.

These financial statements were approved by the Board of Governors on 05 November 2020 and are signed on their behalf by:

Kenneth Howcroft

Revd Kenneth Howcroft - President of Governors

The Queen's Foundation For Ecumenical Theological Education

Statement of cashflows for year to 31 August 2020

	Note	2020 £	2019 £
Net Cashflow from operating activities	20	<u>(46,238)</u>	<u>308,075</u>
Property funds			
Payments to acquire fixed assets		(25,209)	(354,890)
Payments to acquire investments		(11,702)	(11,017)
Receipts from sales of investments		-	-
Interest received		82,389	81,561
Net cash flow from investing activities		<u>45,478</u>	<u>(284,346)</u>
Net increase/(decrease) in cash and cash equivalents		(760)	23,729
Cash and cash equivalents at 31 August 2019		317,566	293,837
Cash and cash equivalents at 31 August 2020		<u>316,806</u>	<u>317,566</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		311,049	311,809
Short term deposits		5,757	5,757
Cash and cash equivalents at 31 August 2020		<u>316,806</u>	<u>317,566</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2020

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 financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements are prepared on a going concern basis under the historical cost convention.

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 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.

I ACCOUNTING POLICIES

c Income recognition

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

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.

I ACCOUNTING POLICIES

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 2019	4,699,915	546,255	176,244	5,422,414
Additions	10,000	10,807	4,402	25,209
Total cost at 31 August 2020	<u>4,709,915</u>	<u>557,062</u>	<u>180,646</u>	<u>5,447,623</u>
Accumulated depreciation				
Balance at 1st September 2019	2,418,329	398,039	135,345	2,951,713
Charge for the year	191,718	64,192	8,809	264,719
Total depreciation at 31 August 2020	<u>2,610,047</u>	<u>462,231</u>	<u>144,154</u>	<u>3,216,432</u>
Net book value				
At 31st August 2020	<u>2,099,868</u>	<u>94,831</u>	<u>36,492</u>	<u>2,231,191</u>
At 31st August 2019	<u>2,281,586</u>	<u>148,216</u>	<u>40,899</u>	<u>2,470,701</u>

4 INVESTMENT INCOME

	2020 £	2019 £
Interest - Investment funds	52,090	40,870
Interest - Property funds	18,421	28,275
Interest - Fixed Interest Securities	37	1,057
Interest on cash deposits	139	342
Interest reinvested	11,702	11,017
	<u>82,389</u>	<u>81,561</u>

Of the above, £78,849 was unrestricted (2019: £76,373) and £3,540 was restricted (2019: £5,188).

5 GRANTS AND DONATIONS

	2020 £	2019 £
HMRC Job Retention Scheme	19,657	-
Queen's Methodist Chaplaincy Donation	8,000	-
Methodist Church	5,000	256,071
B Stanley	4,500	-
Grimmit Trust	3,000	3,500
P Emberton	3,000	-
St Boniface Trust (Mission)	2,624	1,273
S Millard	1,064	-
United Friends of Queens	687	1,159
World Church Funding	-	47,708
Legacy	-	20,250
Seedcorn Grant (Durham University)	-	2,408
Grant for Defibrillator	-	2,000
International Student Support Grant	-	1,050
Other donations less than £1,000	741	2,487
	<u>48,273</u>	<u>337,906</u>

Of the above, £13,116 was unrestricted (2019: £23,896) and £35,157 was restricted (2019: £314,010).

6 FIXED ASSET INVESTMENTS

	2020	2019
	£	£
Market value at 1st September 2019	2,482,832	2,330,321
Dividends received and reinvested	11,702	11,017
Purchase of Investments	-	-
Sale of Investments	-	-
Profit on sale/redemption of investments	-	-
Net unrealised profit on revaluation	56,566	141,494
Market value at 31st August 2020	<u>2,551,100</u>	<u>2,482,832</u>
Historical cost at 31st August 2020	<u>989,960</u>	<u>978,258</u>

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

	2020	2019
	£	£
Investments at market value comprise:		
Investment fund income shares	2,207,316	2,115,775
Property funds	316,936	340,111
Fixed interest securities fund income shares	26,848	26,946
	<u>2,551,100</u>	<u>2,482,832</u>

7 DEBTORS

	2020 £	2019 £
Debtors	242,845	122,745
Other Debtors	75,279	38,204
	<u>318,124</u>	<u>160,949</u>

8 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade Creditors	55,609	130,443
Other Creditors	10,628	10,338
Tax & Social Security	20,407	21,054
Accruals & deferred income	104,224	153,822
	<u>190,868</u>	<u>315,657</u>

Included within other creditors is £8,775 (2019: £8,483) held on behalf of third parties. These funds are included within investments and bank.

9 CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Loan from the Methodist Church	-	5,000
	<u>-</u>	<u>5,000</u>

The loan from the Methodist Church was to support the Research Centre. The loan was interest free. During the year, The Queen's Foundation received notification that the loan was no longer repayable. This has been treated as donation from the Methodist Church and is included in grants and donations in the SOFA.

10 RESTRICTED FUNDS

	Balance 01/09/19 £	Movement in Funds		Balance 31/08/20 £
		Incoming Resources £	(Expenditure) & Gains £	
Consolidated Fund	132,303	3,521	4,397	140,221
Methodist Building Grants:				
Library Extension	262,569	-	(22,118)	240,451
New Building Refurbishment	95,200	-	(6,800)	88,400
Heating overhaul	223,264	-	(24,807)	198,457
Mission Centre Fund	57,530	-	-	57,530
Principal's Discretionary Fund	4,975	19	(400)	4,594
OFS	-	32,788	(32,788)	-
MEET	-	27,368	-	27,368
Partnership in Theological Education	-	100,000	(59,763)	40,237
HMRC JRS	-	19,657	(19,657)	-
Queen's Methodist Chaplaincy Donation	-	8,000	(8,000)	-
Hardship fund	-	4,500	(4,500)	-
Grimmit	-	3,000	(3,000)	-
	<u>775,841</u>	<u>198,853</u>	<u>(177,436)</u>	<u>797,258</u>

10 RESTRICTED FUNDS

The Consolidated Fund is an amount held in investments which is available at the joint discretion of the Principal and Director of Finance & Operations to secure student protection.

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.

COMPARATIVES FOR RESTRICTED FUNDS

	Balance 01/09/18 £	Movement in Funds		Balance 31/08/19 £
		Incoming Resources £	(Expenditure) & Gains £	
Consolidated Fund	120,925	3,418	7,960	132,303
Methodist Building Grants:				
Library Extension	284,687	-	(22,118)	262,569
New Building Refurbishment	102,000	-	(6,800)	95,200
Heating overhaul	-	248,071	(24,807)	223,264
Mission Centre Fund	79,243	-	(21,713)	57,530
Principal's Discretionary Fund	3,310	1,770	(105)	4,975
	<u>590,165</u>	<u>253,259</u>	<u>(67,583)</u>	<u>775,841</u>

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible Fixed Assets	1,222,298	584,624	424,269	2,231,191
Investments	2,410,879	140,221	-	2,551,100
Current Assets	562,518	72,413	-	634,931
Creditors - Within one year	(190,869)	-	-	(190,869)
- After one year	-	-	-	-
	<u>4,004,826</u>	<u>797,258</u>	<u>424,269</u>	<u>5,226,353</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	555,286
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COMPARATIVE FOR ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible Fixed Assets	1,369,473	584,624	516,604	2,470,701
Investments	2,350,529	132,303	-	2,482,832
Current Assets	419,601	58,914	-	478,515
Creditors - Within one year	(315,657)	-	-	(315,657)
- After one year	(5,000)	-	-	(5,000)
	<u>3,818,946</u>	<u>775,841</u>	<u>516,604</u>	<u>5,111,391</u>

12 UNRESTRICTED FUNDS

Designated Funds

	Balance 01/09/19 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Transfers £	Balance 31/08/20 £
AD 2062 Stephen Lloyd Fund	646,711	11,702	-	-	-	658,413
Research Fund	101,454	-	(14,956)	-	-	86,498
Church Workers' Pension Fund Liability	195,531	-	-	-	-	195,531
	943,696	11,702	(14,956)	-	-	940,442

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.

Unrestricted Funds

	Balance 01/09/19 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Transfers £	Balance 31/08/20 £
Designated funds	943,696	11,702	(14,956)	-	-	940,442
Unrestricted Funds	2,875,250	2,138,016	(2,001,051)	52,169	-	3,064,384
	3,818,946	2,149,718	(2,016,007)	52,169	-	4,004,826

Comparatives for Designated Funds

	Balance 01/09/18 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Transfers £	Balance 31/08/19 £
AD 2062 Stephen Lloyd Fund	635,694	11,017	-	-	-	646,711
Research Fund	123,919	-	(22,465)	-	-	101,454
Church Workers' Pension Fund Liability	195,531	-	-	-	-	195,531
	955,144	11,017	(22,465)	-	-	943,696

Comparatives for Unrestricted Funds

	Balance 01/09/18 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Transfers £	Balance 31/08/19 £
Designated funds	955,144	11,017	(22,465)	-	-	943,696
Unrestricted Funds	2,690,040	2,259,872	(2,208,196)	133,534	-	2,875,250
	3,645,184	2,270,889	(2,230,661)	133,534	-	3,818,946

13 A current year 12 months and prior year 12 months combined position is as follows:

RESTRICTED FUNDS

	Movement in Funds			Balance 31/08/20 £
	Balance 01/09/18 £	Incoming Resources £	(Expenditure) & Gains £	
Consolidated Fund	120,925	6,939	12,357	140,221
Methodist Building Grants:		0	0	
Library Extension	284,687	0	(44,236)	240,451
New Building Refurbishment	102,000	0	(13,600)	88,400
Heating overhaul		248,071	(49,614)	198,457
Mission Centre Fund	79,243	0	(21,713)	57,530
Principal's Discretionary Fund	3,310	1,789	(505)	4,594
OFS	-	32,788	(32,788)	-
MEET	-	27,368	-	27,368
Partnership in Theological Education	-	100,000	(59,763)	40,237
HMRC JRS	-	19,657	(19,657)	-
Queen's Methodist Chaplaincy Donation	-	8,000	(8,000)	-
Hardship fund	-	4,500	(4,500)	-
Grimmit	-	3,000	(3,000)	-
	590,165	452,112	(245,019)	797,258

UNRESTRICTED FUNDS

Designated Funds

	Balance 01/09/18 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Transfers £	Balance 31/08/20 £
AD 2062 Stephen Lloyd Fund	635,694	22,719	-	-	-	658,413
Research Fund	123,919	-	(37,421)	-	-	86,498
Church Workers' Pension Fund Liability	195,531	-	-	-	-	195,531
	955,144	22,719	(37,421)	-	-	940,442

Unrestricted Funds

	Balance 01/09/18 £	Incoming Resources £	Resources Expended £	Gains, (Losses) & Allocations £	Transfers £	Balance 31/08/20 £
Designated funds	955,144	22,719	(37,421)	-	-	940,442
Unrestricted Funds	2,690,040	4,397,889	(4,209,247)	185,703	-	3,064,384
	3,645,184	4,420,608	(4,246,668)	185,703	-	4,004,826

14 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2020 £	2019 £
Student Fees		
Centre for Ministerial Formation	1,080,029	1,650,521
Centre for Black Theology	44,375	-
Centre for Discipleship Theology	41,754	-
Centre for Continuing Ministerial Education	74,844	-
Centre for Mission Studies	-	18,833
Non Residential tuition	-	149,125
Research	42,139	17,350
	<u>1,283,141</u>	<u>1,835,829</u>
Accommodation Charges		
Accommodation	785,170	215,830
External Rents in	17,563	-
Conferences, guests etc.	45,959	53,022
	<u>848,692</u>	<u>268,852</u>
Total Fees & Accommodation Charges	<u><u>2,131,833</u></u>	<u><u>2,104,681</u></u>

15 OTHER INCOME

OFS Income	28,605	-
Global Methodist Relationships (MEET)	27,368	-
Church of England Tier 4 Contribution	7,000	-
Church of England Disabled Student Reimbursement	19,917	-
Sundry Income		-
Teaching & Learning	1,388	
Campus Sundry Income	1,798	
	<u>86,076</u>	<u>-</u>

16 ANALYSIS OF CHARITABLE EXPENDITURE

	2020 £	2019 £
Academic & Library Costs	1,147,782	1,101,569
Disabled Student Expenditure (Reimbursed)	20,117	-
Administrative Costs (excluding Governance)	350,043	457,505
Catering Costs	165,120	226,459
Domestic Costs	58,685	67,147
Premises Costs	524,796	518,537
Governance Costs	23,632	27,322
	<u>2,290,175</u>	<u>2,398,539</u>

16a GOVERNANCE COSTS

	2020 £	2019 £
Salaries - operational staff	14,952	20,562
Audit fee	5,760	5,760
Auditors non audit fees	2,920	1,000
	<u>23,632</u>	<u>27,322</u>

17 STAFF EMOLUMENTS

	2020 £	2019 £
Salary Costs	1,043,454	1,108,559
National Insurance	80,261	77,126
Pension Costs	130,266	139,817
	<u>1,253,981</u>	<u>1,325,502</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:

	2020 FTE	2020 Number	2019 FTE	2019 Number
Academic and Library	15.3	18.8	15.6	18.5
Administrative and Others	13.9	17.9	15.1	20.0
	<u>29.2</u>	<u>36.7</u>	<u>30.7</u>	<u>38.5</u>

The total amount of employee benefits received by key management personnel is £211,420 (2019: £318,802).

	2020	2019
Number of staff receiving basic salary per annum between £100,000 - £104,999	<u>-</u>	<u>-</u>

The head of the Foundation is the highest paid member of staff and receives the following amount, as set by the "Lichfield Scale" national Academic Staff and Benefit Scale:

	2020 £	2019 £
Principal Basic Salary		
Per annum (to April 2020)	31,560	30,942
Per annum (to April 2021)	32,196	31,560

Book Allowance

An allowance up to £768 (2019: £738) is claimable upon proof of receipt as an expense.

Responsibility Point (based on the number of staff in addition to the Principal)

Per annum (to April 2020)	3,105	3,044
Per annum (to April 2021)	3,167	3,105

Accommodation

All faculty receive free rent and council tax or housing allowance paid at the same rate

Per annum (to April 2020)	9,242	9,061
Per annum (to April 2021)	9,427	9,242

Meals

Free meals (lunch or equivalent if working evenings or weekends) of £5 per main meal are offered to all staff during term time.

This equates to approximately £1,050 (based on 42 weeks a year) per annum (2019: £1,050).

Whilst the kitchen was closed March to August staff were given no rebates relating to this privilege, it's being mitigated by reduced travel costs for those working from home.

Dividends

No dividends were paid during the year ended 31st August 2020 (2019: £nil).

Performance Related Pay

No performance related pay was paid during the year ended 31st August 2020 (2019: £nil).

17 STAFF EMOLUMENTS continued

Pension Contributions

There were no pension contributions for the year ended 31st August 2020 (2019: £nil).

Salary Sacrifice Arrangements

There were no salary sacrifices for the year ended 31st August 2020 (2019: £nil).

Compensation for loss of Office

No compensation for loss of office was paid for the year ended 31st August 2020 (2019: £nil).

Resettlement Grant

£2,436 is available to all faculty when moving into post however there were no relocations during the year ended 31 August 2020 (2019: £nil).

Sabbatical Allowance

A three month full pay sabbatical allowance is available for all faculty for every five years' of service. There was no loss of pay for sabbatical during the year ended 31st August 2020 (2019: £nil).

The total remuneration package for the Principal is in line with that offered to all principals of Anglican Training institutions and in line with national pay scales for Anglican clergy.

The head of the providers basic salary is 1.79 times the median pay of all staff, where the median pay is calculated on a full-time equivalence basis for the salaries paid by the provider to its staff.

The head of the providers total remuneration is 1.48 times the median total remuneration of staff where the median pay is calculated on a full-time equivalence basis for the salaries paid by the provider to its staff.

The total amount paid across the provider for 2019-20 for loss of office is £nil.

The number of people for whom this is applied is: nil.

Statement of Internal Control

This provider received confirmation of registration with OfS in January 2019. It did not receive and has never historically received any state funding from OfS or previously HEFCE. In 2019-20 the provider received this funding for the first time.

The Foundation manages risk through preparing internally a risk register which is regularly monitored and presented for review at the thrice-yearly Audit Committee. The primary objectives of the Foundation are kept in view throughout. Financial components are contained within the register. For 2019-20 an Emergency Planning Document was prepared to assess and enable the off-set of the impact of Covid-19 upon the institution during 2019-20 and 2020-21. Significant staff change (of Principal) and the departure of the Academic Registrar and Director of Operations (one person) has not led to disruption in financial oversight due to continuity in the management accountant staffing and in the auditing processes, plus the imminent arrival of an interim part-time Director of Finance within the Foundation team.

18 AUDITORS REMUNERATION

	2020	2019
	£	£
The auditors remuneration is comprised of: -		
Audit Fees	5,760	5,760
Other Services	2,920	1,000
	<u>8,680</u>	<u>6,760</u>

19 TRUSTEES REMUNERATION

Trustees received £nil for the reimbursement of travelling expenses during the year (2019: £410)

No trustee received any remuneration during the year (2019: £nil).

19a FINANCIAL COMMITMENTS

Operating lease commitments

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

	2020	2019
	£	£
Not later than one year	12,844	8,632
Later than one and not later than five years	17,056	17,265
Later than five years	-	-

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

	2020	2019
	£	£
Net income/(expenditure) for the year	114,962	267,103
Interest receivable	(82,389)	(81,561)
Depreciation and impairment of tangible fixed assets	264,719	277,300
(Gains) on investments	(56,566)	(141,494)
(Increase) / decrease in debtors	(157,175)	124,377
Increase / (decrease) in creditors	(129,790)	(137,650)
Net cash flow from operating activities	<u>(46,238)</u>	<u>308,075</u>

21 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:

	2020 £	2019 £
CEFPS	38,784	38,088
CWPF	12,657	12,657
MMPF	21,671	32,506
FL	47,948	47,260
	<u>121,060</u>	<u>130,511</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 2018, 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 2019. In this valuation, the Foundations share of the underlying assets and liabilities was shown to be a deficit of £1,200. Until April 2021 the Foundation will need to pay annual deficit contributions of £3,553.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £4,500 per year (£5,000 from 1 April 2021).

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 2017, 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.

22 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 2020 there were 9 members of the charitable company (2019: 10)

23 RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended 31 August 2020.

24 POST BALANCE SHEET EVENTS

Covid-19 pandemic

These financial statements have been prepared on a going concern basis, the validity of which is dependent upon the Charity being able to continue to operate and come to terms with the significant impact of the Covid-19 pandemic.

At the present time there are many unknown variables which makes forecasting the future results and impact on the Charity challenging. The trustees recognise that the current situation is uncertain but they have considered the position of the Charity both at present and for the next 12 months given the current information available.

The Charity has a strong balance sheet and forecasts have been prepared and reviewed for the next 12 months which consider the trading and cashflow impacts of possible implications from the current situation.

We are in regular communication with our stakeholders to understand their position and this information has been used in preparing and reviewing the forecasts. We have implemented plans to reduce costs where necessary and maximise appropriate income opportunities.

The objective of the Charity is to continue trading whilst monitoring and adapting to the impact of the Covid-19 pandemic.