

The Queen's Foundation For Ecumenical Theological Education

Annual Reports and Financial Statements
For the Year Ended 31 August 2012

Company Registration No 5511503

Charity Registration No 1111892



ADMINISTRATIVE INFORMATION

GOVERNORS 2012

C	David Ritchie CB, MA
C	The Revd Bill Anderson BA
C	The Revd Canon Brian Russell MA, PhD
C	Mrs Sue Davis CBE, BA (Hons)
C	Bishop Wilton R Powell OBE MBA, Bsc Hon
C	Ms Nwabueze Nwokolo LLB, BL
C	The Revd Timothy J Clarke MA
C	The Revd Roy Lowes B Ed, MTh
C	The Rt Revd Andrew Watson MA (Cantab)
C	Paul Bayliss BA, ACA
C	the Rt Revd Mark Rylands BA
N	The Very Revd Dr David Ison BA, PhD (Nominee of the Archbishops of Canterbury and York)
N	Siôn Rhys Evans MA (Oxon) (Nominee of the Methodist Conference)
C	Co-opted Governors
N	Nominated Governors

Auditors

RSM Tenon Audit Ltd
Charterhouse
Legge Street
Birmingham B4 7EU

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 5511503
incorporating a charity administered by a Charity Commissioners Scheme
regulated by The Charity Commissioners for England and Wales
Registered Charity Number 1111892
Registered Company Number 5511503

FOUNDATION STAFF 2012

Principal

The Revd Canon Dr David Hewlett BA, PhD, Durham University

(Anglican & Methodist)

Director of Research

The Revd Dr Adam Hood MA, BD, D Phil, Aberdeen University, Oxford University

(Church of Scotland)

Director Selly Oak Centre for Mission Studies

Deaconess Dr Rachele E Vernon BSc, MA, PhD, Dip Ed, University of the West Indies United Theological College
Office West Indies, Church Teachers College

(Anglican)

Director of Studies

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

Lecturers

Dr Mukti Barton BA (Hons), Ph D Bristol University

(Anglican)

The Revd Helen Cameron M C S P , BA, M Phil Queen Margaret's College, Edinburgh, Queen's College Birmingham,
University of Birmingham

(Methodist Oversight Tutor)

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

(Anglican)

The Revd Ray Gaston BA (Hons) MTh, University of Leeds, University of Nottingham, Lincoln Theological College

(Anglican & Methodist)

The Revd Gary Hall MA MPhil PGCE Pembroke College Cambridge, Birmingham University

The Revd Lynnette Mullings BA (Hons), Nazarene Theological College, University of Manchester

(Wesleyan Holiness)

Dr Anthony Reddie BA, PhD, Birmingham University

(Methodist)

Ms Nicola Slee MA PhD, Selwyn College Cambridge, University of Birmingham

(Anglican)

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

(Methodist)

The Revd Dr Joshva Raja John BSc, MSc MTheol, MA, PhD University of Edinburgh, University of Leicester, Serampore
College, University of Madurai Kamaraj

(Church of South India)

Professor John M Hull Honorary Professor of Practical Theology, and Emeritus Professor of Religious Education in the
University of Birmingham, BA, B Ed (Melbourne), MA (Fitzwilliam, Cambridge), Ph D (Birmingham), Hon D Theol
(Frankfurt), Dr CH (Free University of Amsterdam)

Director of Finance

Michael H Johnson FCCA, FCIS

The Queen's Foundation for Ecumenical Theological Education

Governors' Report

The Governors have pleasure in presenting their Report together with the audited Financial Statements for the year ended 31 August 2012

President of Governors' Introduction

The past year has been a momentous one even by the exceptional standards normally set by the Queen's Foundation

Most notably, we recognise the great trust which the Methodist Church has placed in us, following the Fruitful Field consultation, by choosing Queen's, along with Cliff College, as one of two Connexional Centres for teaching, formation for Ministry, research and relationships with the World Church. This is a major, even daunting, set of responsibilities and as we prepare to face them we pray for the wisdom, the guidance and the strength of purpose we will need to fulfil this new role.

We recognise also that many associated with other places of learning in the Church were disappointed by this decision. As we move forward, we commit ourselves to do so drawing as far as possible on the accumulated knowledge, skills and scholarship of those other institutions.

We have also been delighted to record an exceptional number of Anglican ordinands who have chosen and been accepted to study full time at Queen's from autumn 2012. This reverses a trend of recent years and underlines the ecumenical nature of the Foundation and its continuing attraction. Ecumenism is of fundamental, indeed defining, importance to Queen's and was recognised in Fruitful Field as a key principle on which the Methodist Church wishes to build up the life of the Connexional Centres.

We were saddened that USPG has now finally ended its commitment to the Selly Oak Centre for Mission Studies though we had of course been aware of their intention for some time. This has meant profound changes to the Centre the consequences of which are still being worked out but we remain committed to our international work and we are pleased that the Methodist Church is similarly committed to a strong programme of work with us in this field.

As Governors, we are well aware of the pressures which the last year has put upon the staff of the Foundation and notably on our Principal, David Hewlett, and our Senior Methodist Tutor, Helen Cameron. We would like to put on record our deep thanks to them and all of their colleagues.

Governing Documents

The Queen's Foundation for Ecumenical Theological Education is a company limited by guarantee governed by its Articles of Association dated 16th June 2011. 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 eleven members (Governors). The Articles have been revised to recognise the request of our major sponsors for additional nominating rights and to acknowledge the decision of the United Reformed Church to withdraw from using the training facilities at the Foundation. The opportunity was also taken to update the regulations in line with statutory changes created since the original provisions were drafted.

Appointment of Governors

The governance of the Foundation is the responsibility of the Governors, 4 of whom will now be nominated and 10 of whom are co-opted. The 4 nominated Governors are nominated respectively by the Church of England, the Methodist Church, the Methodist Districts and the Church of England West Midlands Bishops. The nominations of the Methodist Districts and the Church of England West Midlands Bishops will be made in the next few months. Existing Governors serve terms of appointment of 3 years. New appointments and reappointments are made for a term of 3 years.

The Queen's Foundation for Ecumenical Theological Education

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 half day 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 2 Sub-Committees. A Finance Committee oversees the Foundation's financial affairs and considers any specific issues referred to it by the Governors from time to time. A Strategy Group 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.

Risk Management

The Governors have a risk management strategy which comprises

- An annual review of the risks which the charity may face
- The establishment of systems and procedures to mitigate those risks identified in the plan
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise

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 2006.

Relationships with the Churches

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

Achievements and Performance -Review of the academic year 2011 / 2012

The year has seen continued positive change and development. Student recruitment has held up well and a new validation arrangement for research degrees with the University of Gloucestershire is beginning to attract new doctoral students. Other post graduate and undergraduate programmes continue to recruit well and receive very positive student feedback. Relationships with Newman University College continue to be very positive. Queen's was inspected by the QAA and was accredited 'with confidence' in each of three categories –

The Queen's Foundation for Ecumenical Theological Education

academic quality, staff development and institutional life, and accuracy of information and publicity. This judgement enables Queen's to be a Grade A institution for UKBA requirements and the recruitment of international students.

During the year the Methodist Church addressed a wide ranging and detailed review of its training institutions and programmes in a project called the Fruitful Field. A final report was debated at the Conference of the Methodist Church in July and its recommendations were carried with large majorities. These included a recommendation to name Queen's as one of two institutions that will continue to serve the Methodist Church in its new Network. This decision is not only a vote of confidence in Queen's but also a moment of great significance as it ensures a strong and stable future for the Foundation. The recommendations of the report will begin to be implemented during the year 2012-13 and this will involve Queen's in a process of considerable change. Two developments in particular are to be welcomed: a stronger emphasis on the place of research and scholarship, and a desire to develop and refurbish the campus to provide first class accommodation and learning resources.

There have been a number of changes in academic staff: the Vice Principal, the Revd Dr Adam Hood, and the Revd Dr Joshva Raja both resigned during the year to take up parish appointments; Dr Anthony Reddie and Carol Troupe took up new appointments in Aston University. The Revd Sam McBratney, Deacon Eunice Attwood, and Mr Ashley Cocksworth have been appointed to the academic staff team. The Domestic Bursar, Mrs Rona Earl, retired during the year and is replaced by Ms Ruth Scattergood. Ms Lucina Nisbett has been appointed as Chief Finance and Operations Officer.

Governors

Mr Simon Rowntree retired after 7 years' service, initially as a nominee of the United Reformed Church and subsequently as an independent Governor. The Governors wish to record their gratitude for the support and contribution he has made in both roles.

Financial Review

The financial statements that follow have been prepared in accordance with the accounting policies set out on page 11 and comply with the Foundation's governing documents and applicable law.

Normal activities produced a small surplus of £2,563 (2011, £12,471) before changes in investment values. Increase in numbers of both sponsored and independent students resulted in additional fee income of over 7%. Operating costs were held in line with increased activity. This result reflects the final year of the funding agreement with the Methodist Church and the United Society for the Propagation of the Gospel for financial support for the Selly Oak Colleges' Mission Centre. Although some activities attributable to the centre will be continued, a net decrease in funding of over £200,000 may be expected in future years in this area.

Investment values rose modestly in volatile markets and the year-end valuation produced an unrealised profit of £88,000 (2011, £29,000); this was split between unrestricted funds, £84,430 (2011, £9,559) and unrestricted funds, £3,705 (2011, £691).

Reserves Policy

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

The unrestricted reserves in total amount to £1,450,235 (2011, £1,175,350) which represent 10.5 months operating expenditure. It is the objective of the Governors to build these reserves up to a sum equal to 12 months operating costs of the institution.

The endowment fund owns 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.

The Queen's Foundation for Ecumenical Theological Education

Plans for Future Periods

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

The Governors wish to continue the development of facilities within the Somerset Road campus and are currently engaged in conversation with the sponsoring churches to identify their vision of future theological education and the requirements this may impose upon providers

Governors' Responsibilities

Company law requires the Governors to prepare for each financial year financial statements, which give a true and fair view of the state of affairs of the Foundation at the end of the financial year and of its surplus or deficit for that year. In preparing the financial statements the Governors have

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- followed applicable accounting standards and statements of recommended practice without any material departures, and
- prepared the financial statements on a going concern basis as long as it is appropriate to consider that the charity will continue in business

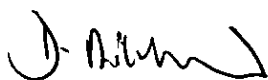
The Governors are responsible for maintaining proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In accordance with company law, as the company's directors, we certify that -

- so far as we 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

Auditors will be appointed by resolution at the Annual General Meeting



President of Governors
13th December 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

The Queen's Foundation for Ecumenical Theological Education (A company limited by guarantee)

We have audited the financial statements of the Queen's Foundation for Ecumenical Theological Education for the year ended 31 August 2012 which comprise, the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Governor's 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**The Queen's Foundation for Ecumenical Theological Education
(A company limited by guarantee)**

OPINION ON OTHER MATTERS PRESCRIBED BY COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

RSM Tenon Audit Limited

**Vivian Shadbolt BSc FCA
Senior Statutory Auditor**

**For and on behalf of
RSM Tenon Audit Limited, Statutory Auditors**

Date. *17/1/13* . . .

**Charterhouse
Legge Street
Birmingham
B4 7EU**

THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION
STATEMENT OF FINANCIAL ACTIVITIES (inc INCOME AND EXPENDITURE ACCOUNT)
AS AT 31st AUGUST 2012

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2012 Total £	2011 £
INCOMING RESOURCES						
Tuition Fees & Accommodation Charges	15	1,534,837	-	-	1,534,837	1,425,723
Investment Income	5	94,383	1,910	-	96,293	96,978
Grants and Donations	6	51,477	50	-	51,527	80,940
TOTAL INCOMING RESOURCES		1,680,697	1,960	-	1,682,657	1,603,641
RESOURCES EXPENDED						
Charitable activities						
Costs of Providing Education	16	1,452,202	54,333	132,611	1,639,146	1,548,326
Governance Costs		38,696	-	-	38,696	42,844
TOTAL RESOURCES EXPENDED		1,490,898	54,333	132,611	1,677,842	1,591,170
NET INCOME/(EXPENDITURE) FOR THE YEAR		189,799	(52,373)	(132,611)	4,815	12,471
OTHER GAINS AND LOSSES						
Unrealised profits on investments		84,430	3,705	-	88,135	28,920
Unrealised losses on investments		-	-	-	-	(634)
Profits on investments sold		656	-	-	656	3,532
Loss on realisation of Treasury stock		-	-	-	-	(723)
EXCEPTIONAL ITEM						
Pension Equalisation Charge	20	-	-	-	-	(242,570)
Net movement in funds		274,885	(48,668)	(132,611)	93,606	(199,004)
Funds brought forward at 1st September 2011		1,175,350	830,460	1,507,454	3,513,264	3,712,268
Funds carried forward at 31st August 2012		1,450,235	781,792	1,374,843	3,606,870	3,513,264

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31ST AUGUST 2012

	2012 £	2011 £
Income	1,711,575	1,632,559
Operating Expenses	(1,680,094)	(1,591,170)
	31,481	41,389

THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION

Company Registration No 5511503

Charity Registration No 1111892

BALANCE SHEET AS AT 31st AUGUST 2012

		2012		2011	
	Note	£	£	£	£
FIXED ASSETS					
Tangible Assets	3,4	2,056,312		2,222,037	
Investments	7	1,962,600		1,865,166	
		<u>4,018,912</u>		<u>4,087,203</u>	
CURRENT ASSETS					
Debtors	8	57,743		55,913	
Short term Deposits		150,975		260,957	
Bank and Cash in hand		<u>100,021</u>		<u>108,485</u>	
		308,739		425,355	
CREDITORS					
Amounts falling due within 1 year	9	<u>(441,670)</u>		<u>(435,175)</u>	
NET CURRENT LIABILITIES			<u>(132,931)</u>		<u>(9,820)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,885,981		4,077,383
CREDITORS					
Amounts falling due after more than 1 year	10		(279,111)		(564,119)
NET ASSETS			<u><u>3,606,870</u></u>		<u><u>3,513,264</u></u>
FUNDS					
Endowment			1,374,843		1,507,454
Restricted	11		781,792		830,460
Unrestricted (inc Designated Funds)	14		1,450,235		1,175,350
TOTAL (including revaluation reserve of £864,004 2011 £860,992)			<u><u>3,606,870</u></u>		<u><u>3,513,264</u></u>

Approved by the Governors on 13th December 2012

David Ritchie 

Sue Davis 

THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st AUGUST 2012

I ACCOUNTING POLICIES

a Basis of Preparation

The accounts have been prepared under the historical cost convention, with the exception of investments which are recorded at market value. The accounts are drawn up in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities, dated March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

b Incoming Resources

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies that the grant or donation must only be used in future accounting periods.

Investment income is recognised on a receivable basis.

c Resources Expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services when supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable. Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities comprise expenditure associated with the provision of education and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

d Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

e Tangible Fixed Assets

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

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives 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

During the year the Foundation updated its inventory of furnishings and equipment and, as a result of this, took the opportunity to eliminate certain unidentifiable items, all of which were fully depreciated. The items are shown as disposals on the fixed asset statement.

f Stock

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

g Funds Structure

The Trust has a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose. All other funds are unrestricted income funds.

2 LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st AUGUST 2012

3 TANGIBLE FIXED ASSETS

Cost	Land and Buildings £	Furniture & Equipment £	Heating & Plant £	Total £
Balance at 1st September 2011	3,085,352	282,116	92,262	3,459,730
Additions	8,884	19,016	-	27,900
Disposals	-	(29,943)	-	(29,943)
At 31st August 2012	<u>3,094,236</u>	<u>271,189</u>	<u>92,262</u>	<u>3,457,687</u>
Accumulated depreciation				
Balance at 1st September 2011	931,718	236,716	69,259	1,237,693
Charge for the year	161,527	26,634	5,464	193,625
Depreciation on Disposals	-	(29,943)	-	(29,943)
At 31st August 2012	<u>1,093,245</u>	<u>233,407</u>	<u>74,723</u>	<u>1,401,375</u>
Net book value				
At 31st August 2012	<u>2,000,991</u>	<u>37,782</u>	<u>17,539</u>	<u>2,056,312</u>
At 31st August 2011	<u>2,153,634</u>	<u>45,400</u>	<u>23,003</u>	<u>2,222,037</u>

4 LAND AND BUILDINGS

	2012 £	2011 £
The Foundation, comprising leasehold property in Somerset Road and Farquhar Road, Edgbaston (Lease expires 2062), at 1st September 2011	2,153,634	2,028,134
Add expenditure during the year	8,884	-
Refurbishments	-	287,644
	<u>2,162,518</u>	<u>2,315,778</u>
Less depreciation	<u>(161,527)</u>	<u>(162,144)</u>
At 31st August 2012	<u>2,000,991</u>	<u>2,153,634</u>

5 INVESTMENT INCOME

Interest - Investment funds	72,100	72,327
Interest - Property funds	20,650	20,376
Interest - Fixed Interest Securities	1,410	1,410
Interest on cash deposits	2,109	1,822
Interest on 9% Treasury Stock 2011	-	900
Sundry interest	24	143
	<u>96,293</u>	<u>96,978</u>

6 GRANTS AND DONATIONS

Methodist Mission	20,000	20,000
Methodist Connexion Inter Faith Tutor Grant	26,851	26,133
St Boniface Trust (Mission)	1,467	806
United Friends of Queens	2,159	2,524
Jerusalem Trust	-	25,000
Archbishops' Council	-	5,000
Other donations less than £1,000	1,050	1,477
	<u>51,527</u>	<u>80,940</u>

THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st AUGUST 2012

7 FIXED ASSET INVESTMENTS

	2012	2011
	£	£
Market value at 31st August 2011	1 865,166	1 935,992
Interest received and reinvested	8 643	8 080
Purchase of Investments	24 125	-
Sale of Investments	(24 125)	(110 000)
Profit on sale/redemption of investments	656	2,809
Net unrealised (loss)/profit on revaluation	<u>88 135</u>	<u>28 285</u>
At 31st August 2012	<u>1,962 600</u>	<u>1 865 166</u>
Historical cost at 31st August 2012	<u>1 098 596</u>	<u>1 004 175</u>

The following investments represent more than 5% of the total value of investments -

	Cost	Market Value
	£	£
Central Board of Finance Investment Funds	581 453	1 649 033
Central Board of Finance Property Fund	<u>361,984</u>	<u>313 431</u>

8 DEBTORS

	2012	2011
	£	£
Debtors	101,527	60 408
Prepayments & Accrued Income	12 979	19 040
Provision for Doubtful Debts	<u>(56,763)</u>	<u>(23 535)</u>
	<u>57,743</u>	<u>55 913</u>

9 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

Trade Creditors	114,515	64,471
Other Creditors	196 963	230 535
Tax & Social Security	17 133	18,355
Accruals & Deferred Income	<u>113,059</u>	<u>121,814</u>
	<u>441 670</u>	<u>435 175</u>

Included within other creditors is £123 363 (2011 £185,891) held on behalf of third parties. These funds are included within investments and bank.

10 CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

Methodist Building Loan	102 057	348 899
Loan from the Methodist Church	5,000	5 000
CW Pension Fund Accrual	<u>172,054</u>	<u>210 220</u>
	<u>279 111</u>	<u>564 119</u>

The loan from the Methodist Church is to support the appointment of a Dean of Research Studies in the Research Centre. The loan is interest free.

The balance of a loan from the Methodist Church of £102 057 (2011 £348 899) was made to assist the Foundation with building work. Interest accrues quarterly at at CBF published rates for its Deposit Fund. There is no fixed schedule of repayments, which will be made at the discretion of the Foundation.

The CW Pension Fund Account is to be paid over a period of 5 years beginning 1 April 2012.

11 RESTRICTED FUNDS

	Balance	Movement in Funds	Balance
	01 09 11	Incoming (Expenditure)	31 08 12
	£	Resources & Gains	£
Consolidated Bursary Fund	75 380	1,886	(15 210)
Methodist Building Grants			
Library Extension	439 514	-	(22 118)
New Building Refurbishment	149 600	-	(6 800)
Mission Centre Fund	162 069	-	(6 250)
Principal's Discretionary Fund	3,897	74	(250)
	<u>830 460</u>	<u>1 960</u>	<u>(50,628)</u>
			<u>781,792</u>

The Bursary Fund is an amount held in investments which is available at the joint discretion of the Principal and Director of Finance to subsidise the costs of fees for 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 such projects as agreed with the S O C M S Advisory Council.

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

THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION

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YEAR ENDED 31st AUGUST 2012

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible Fixed Assets	69,610	560,196	1,426,506	2,056,312
Investments	1,894,464	68,136	-	1,962,600
Current Assets	299,171	9,568	-	308,739
Fund Loan	(92,229)	143,892	(51,663)	-
Creditors - Within one year	(441,669)	-	-	(441,669)
- After one year	(279,111)	-	-	(279,111)
	<u>1,450,235</u>	<u>781,792</u>	<u>1,374,843</u>	<u>3,606,871</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	719,236

13 TRANSFERS TO DESIGNATED FUNDS

	2012 £	2011 £
AD 2062 Stephen Lloyd Fund	-	220,313
AD 2002 Roof Replacement Fund	-	(220,313)
Church Workers' Pension Fund Liability	(250,000)	-
	<u>(250,000)</u>	<u>-</u>

14 UNRESTRICTED FUNDS

Designated Funds

The funds of the Foundation include the following designated funds which have been set aside out of unrestricted funds by the Governors for specific purposes

	Balance 01 09 11 £	Incoming Resources £	Transfers	Gains, (Losses) & Allocations £	Balance 31 08 12 £
AD 2062 Stephen Lloyd Fund	573,827	7,426		-	581,253
Research Fund	194,600	-		-	194,600
Church Workers' Pension Fund Liability	-	-	250,000	-	250,000
	<u>768,427</u>	<u>7,426</u>	<u>250,000</u>	<u>-</u>	<u>1,025,853</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 fund has been set up during the current year to recognise the potential liability that may arise when the pension fund has its next triennial valuation

	Total £
Surplus at 1st September 2011	406,923
Surplus for year	17,459
Surplus at 31st August 2012	<u>424,382</u>
Total Unrestricted Funds at 31st August 2012	<u>1,450,235</u>

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YEAR ENDED 31st AUGUST 2012

	2012 £	2011 £
15 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES		
Student Fees		
Centre for Ministerial Formation	816,314	733,797
Centre for Mission Studies	365,482	312,185
Centre for Black Ministries	-	67,240
Non-Residential Tuition	138,819	113,394
Research Centre	44,728	63,136
	<u>1,365,343</u>	<u>1,289,752</u>
Accommodation Charges		
Married accommodation	120,166	96,181
Lettings of single rooms etc	14,790	5,880
Conferences, guests etc	34,538	33,910
	<u>169,494</u>	<u>135,971</u>
Total Fees & Accommodation Charges	<u><u>1,534,837</u></u>	<u><u>1,425,723</u></u>
16 ANALYSIS OF CHARITABLE EXPENDITURE		
Academic & Library Costs	831,500	702,125
Administrative Costs (excluding Governance)	243,975	245,300
Catering Costs	146,540	152,659
Domestic Costs	55,711	54,401
Premises Costs	361,420	393,841
	<u>1,639,146</u>	<u>1,548,326</u>
17 STAFF EMOLUMENTS		
Salary Costs	699,595	685,405
National Insurance	63,328	59,772
Pension Costs	134,643	133,972
	<u>897,566</u>	<u>879,149</u>
No employee received emoluments, as defined for tax purposes of over £60,000 in either year		
The average number of employees during the year, calculated on a full time equivalent basis was as follows -		
Academic and Library	15 2	14 9
Administrative and Others	12 9	12 6
	<u>28 1</u>	<u>27 5</u>
18 AUDITORS REMUNERATION		
The auditors remuneration is comprised of -		
Audit Fees	6,486	6,180
Other Services	3,040	-
	<u>9,526</u>	<u>6,180</u>
19 TRUSTEES REMUNERATION		
Trustees received no reimbursed travelling expenses during the year (2011 Nil)		

THE QUEEN'S FOUNDATION FOR ECUMENICAL THEOLOGICAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st AUGUST 2012

20 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 defined benefit scheme. For staff not covered in the above arrangements a stakeholder pension scheme is operated with Friends Life & Pensions Ltd (FL).

During the year the Foundation's contributions were

	2012 £	2011 £
CEFPS	23,860	29,063
CWPF - Normal	76,127	68,172
MMPF	10,795	7,017
FL	23,861	23,262
	<u>134,643</u>	<u>127,514</u>

Valuations of the Schemes were carried out as at 31 December 2011 (CEFPS), 31 December 2010 (CWPF), 1 September 2011 (MMPF).

The CEFPS is a defined benefit scheme but the Foundation is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. At the latest valuation, the deficit was calculated as being £484M (£259M, 31 12 09). The CEFPS has relinquished its contracting out certificate, thus increasing the national insurance payable by employers and the state pension receivable by scheme beneficiaries. The benefits provided by the scheme have been reduced by an equal amount. Currently, contributions are equivalent to 35% of stipends (2011, 38.2%).

The CWPF is also a defined benefit scheme of which the Foundation is unable to identify its precise share of the underlying assets and liabilities in the Life Risks Section of the Fund (from which existing pensions are paid). At the last actuarial valuation, the deficit in this Section was £6.9M, of which £5.5M is to be recovered from a levy on individual employers. Queen's share was calculated to be £11,700, which was transferred from the employer's assets in the Defined Benefit Scheme.

The Foundation's deficit in the CWPF Defined Benefit Scheme, was calculated as £262,775, which is to be paid over 5 years from 1 April 2012. Full provision was made in the 2011 accounts.

Repayments for the current year were £26,683.

The Foundation closed the scheme to new members in 2005. The Governors have agreed to transfer remaining members in to a hybrid defined contributions scheme, within which each year of entitlement is equated with guaranteed pension amount. This scheme is non-contributory and the contributions are based on 20% of members' salaries.

The MMPF showed a deficit of £58.4M which the Methodist Conference plans to recover by a transfer of £1M per year from the Pension Reserve Fund together with an increased contribution rate of 26.6% of stipends. The rate is to rise to 27.6% on 1st September 2012.

For schemes such as the CEFPS, the CWPF and the MMPF, paragraph 9(b) of FRS 17 requires the Foundation to account for pension costs on the basis of contributions actually payable to the Scheme in the year.