

# **Luther King House Educational Trust**

**(A company limited by guarantee)**

## **Report and Financial Statements**

**31 August 2024**

**Charity number: 1082375**

**Company number: 04065581**

**LUTHER KING HOUSE EDUCATIONAL TRUST**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2024**

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# **LUTHER KING HOUSE EDUCATIONAL TRUST**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 AUGUST 2024**

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#### **Luther King House Educational Trust**

#### **Report of the trustees for the year ending 31 August 2024**

The directors, who are also trustees for the purposes of the Charities Act, present their report together with the audited financial statements for the year ending 31 August 2024.

#### **Chair's report**

This has been a momentous year for the Luther King House Educational Trust.

In the summer of 2024 our President, the Revd Canon Graham Sparkes, retired from this post. Graham has given exemplary leadership to the Trust and our constituent parts for more than a decade. He came to the work in Manchester after service within the Baptist Union of Great Britain and soon took hold of the whole range of our activities in succession to Dr David R. Goodbourn. In his time at the Luther King Centre, he has had to grapple with changes in validation (twice) and with a myriad of fresh demands made by the Government Office for Students. Alongside this Graham has led our staff team and enabled us to develop the work of the Open College. Nothing appears to have daunted him and he has honed these skills whilst maintaining a substantial input to the teaching and learning of the institution. Here, we thank him most sincerely for his devotion to the work and his commitment to the vision of our ecumenical task in the north, the midlands and beyond.

Graham has been succeeded by the Revd Dr Kim Wasey, the Principal of the LKHET Open College. Kim has taken on this role at a time of transition, not only in staffing, but in the very identity and shape of our inclusive ecumenical partnership. Through the last months of this reporting year, Kim has proven her worth in a whole variety of ways and we are so grateful to her for the leadership she is offering as we move through a season of change.

We have been pleased that our course on Chaplaincy has attracted students and is proving to be an important enhancement to the educational provision on offer. We have also addressed the advisability of continuing our offer of doctoral studies and have been delighted to enter into a team supervision arrangement with the University of York St John.

As we noted last year, the continuing effects of the Covid-19 Global Pandemic provide a backwash to our life and being. Our principal stakeholders, Northern College (URC) and Northern Baptist College began to discuss with us part way through the year, whether the moment had come for a review of our whole mode of operation and whether the creation of one single body was the point we had reached on our ecumenical journey which began in the 1970's. At a meeting of the three Boards in early summer we received a report from consultants, appointed earlier in the year, suggesting that the way ahead consisted of seeking to amalgamate into one body so as to deliver theological education and education in related disciplines to our constituency of Baptists, United Reformed, Congregationalists, Moravians, Unitarians, Open College, UTU and our other partners.

Our external consultants proposed that the "new College" should utilise our Brighton Grove site, but re-configure to address the needs of the churches of the north and midlands in a fresh and dynamic way. The outcome for the year has demonstrated the fact that in our current structure we do not anticipate being a going concern. However, with the decisions taken by the principal stakeholders and ourselves in early summer to develop a "new College", we anticipate a new structure and future which is viable. We, therefore, do not anticipate another full year of financial activity in our current format and with the encouragement of our partners and the support of our auditors we dare to believe the new body, which will emerge before the next financial year, will be in a viable position to continue free church educational and theological formation from our Manchester base. In all of this we have felt able to go forward with the assurance of support from the governing bodies of the Northern Baptist College and Northern College (URC/Congregational), whose Chairs have assured us of their support



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and their commitment to see the emergence of our shared "new College" within the next twelve months.

We have given ourselves a year to bring to birth this "new College" and we recognise the additional strain this has placed on all our staff team and upon the staff of the other participant Colleges. In the summer a new "Shadow Board" was created with three members drawn from each of the principal stakeholders and this new entity is shaping our common future as we move into the next year. Our board appointed Ms Helen Mason, Dr Jacqui Suthren Hirst and our President, the Revd Dr Kim Wasey to be our members, with the Revd Dr Simon J Oxley as alternate.

Through this season of change we have continued, faithfully, to fulfil our core educational objectives with the help and support of our dedicated staff and in cooperation with our founder members, partner Colleges and the wider Christian community in England and Wales. Our target remains to bring the "new College" into being in the summer of 2025.

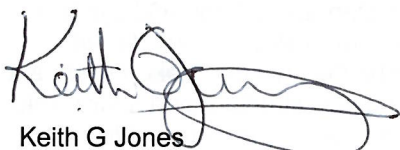
With that aim and with the prospect of future development that it offers, we are bound to note that our financial outcomes are not as we would wish. Our Auditors have given us a clean audit certificate and we are immensely thankful for the hard work of our dedicated finance and administration teams who have fully satisfied the requirements of the audit process. However, the current structure reveals the result that we are no longer an effective "going concern." Change must come, and with that change there is the hope of a viable and stable future. The reality is that there remains a continuing decline on the number of denominational theological college students enrolling for a first level theology degree from our constituent partners and that our future appears to rest on attracting more students to our Open College provision and our specialist programmes in areas such as Chaplaincy.

At all times we have been cognisant of advice from the Charity Commission and the Office for Students. We have continued our regime of weekly review of cash flow, and the Board, through the Chair of the Finance and Monitoring Committee, has been in regular contact with our President Company Secretary to monitor the situation and consult with our principal stakeholders.

The Board has continued to meet regularly, and we have operated hybrid meetings, with facilities for joining the meeting by Zoom. The Finance and Monitoring Committee have continued to meet by Zoom.

There has been one change to Board membership during this period, the Revd Graham M Edwards from the Methodist Church was appointed on 5 October 2023 in place of the Revd Andrew Lunn, whom we thank for his contribution to our deliberations.

The Board has continued to be vigilant in overseeing all the activities of the Luther King House Educational Trust and congratulates all the staff and our key educational partners in their continued endeavours to maintain our vision and hold fast to our values and standards in a fast-moving and challenging environment. It remains a pleasure for me to chair a hard-working Board supporting the President, Company Secretary and a quality staff team as we seek to serve, in an inclusive way, the Christian community in the United Kingdom.



Keith G Jones  
Chair



21st January 2025



# **LUTHER KING HOUSE EDUCATIONAL TRUST**

## **DIRECTORS' REPORT**

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#### **Aims and objectives.**

The objects of the Trust are:

The advancement of education in areas of Christian faith, practice, and dialogue and in particular but without limitation:

- The provision of learning opportunities for members of churches and other interested parties.
- The sharing of theological resources with and among local churches and communities.
- The preparation of persons for accredited forms of ministry.
- The provision of opportunities for post graduate research.
- The provision of an educational establishment together with ancillary services; and
- To advance education generally

The vision of the Trust may be summarised as to provide a learning resource and a flexible residential facility to enable the Partnership to:

- Be concerned with theological education to help all live responsibly and creatively in a plural society.
- Encourage people to shape their personal and communal futures through responsible citizenship.
- Be a centre of excellence at all levels of its work.
- Have a particular concern for Christian mission in an urban society, by building an ecumenical network of support and shared resources.
- Create communities of learning, worship, justice, and liberation.
- Express belief in one God, one world and one people.
- Be open to learning with people from a wide range of understandings, insights, and commitments.
- Develop international links for mutual learning with the world church.
- Integrate learning from different disciplines, faiths, personal and reported experience in church and political life; and
- Engage with scriptures, past and present Christian traditions, the world church, other faith communities and contemporary experience and thinking.

The facilities at Luther King House include:

- Study and office facilities for the academic and administrative staff of those Member Bodies based at Luther King Centre.
- Residential accommodation and study facilities for students of Member Bodies as required.
- A dining room providing breakfasts, lunches, and evening meals.
- Social provision including student kitchen & laundry facilities and a large lounge.
- A learning resources facility including books, periodicals, and internet access; and
- A chapel for community worship on an ecumenical basis.

When the facilities of the House are not being fully utilised in pursuit of the Trust's core activities, spare capacity is marketed to other persons and bodies. Any surpluses arising from this activity are re-invested in the Trust's core activities.

The educational activities of the Trust continue to be delivered under the branding Luther King Centre for Theology and Ministry (LKC) and this terminology will be used in the appropriate sections of this report.

# **LUTHER KING HOUSE EDUCATIONAL TRUST**

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#### **Public Benefit Statement**

The Trust provides university validated courses of theological education for the benefit of any who are academically qualified, not only for those training for accredited ministries in the church. Fees are charged, though these do not cover the full cost of providing the service. Steps are taken to ensure the fees do not exclude the poor; bursaries are available, and the Trust works within a general environment of government provision designed to support poorer students and widen access. British residents of foreign nationality are charged only at the domestic rate. The Trust has, in fact, a significant number of non-traditional learners amongst its students, and a growing number from minority ethnic groups. Through the development of flexible and distributed learning, the Trust is also seeking to overcome further barriers to learning. The Trust's academic staff also contribute to the delivery of similar courses by other associated theological institutions.

The Trust works with churches in equipping them and their leadership for their roles in the community. Among those it trains, for instance, are church related community workers, whose whole purpose is community development. Those training for accredited ministries are seldom able to use their education to advance their own material interests; their sole reason for entering training is to serve the needs of local congregations and communities. Many do so in training placements throughout their course of education.

The Trust's facilities are of benefit to a wide range of the public. Membership of the library is available to all for an easily affordable annual charge. A wide variety of groups use the teaching rooms for learning and training events; the Trust makes a point of making its educationally equipped meeting rooms widely available when not needed for its own courses and does so for charities and churches at reduced rates.

We have complied with the duty under the Charities Act to have regard to the public benefit guidance published by the Charity Commission.

#### **Achievements and performance**

The Trust's charitable objective is the advancement of education in areas of Christian faith, practice and dialogue and the challenge to this objective from factors outside the organisation continues. Both full and part time courses of study are offered at undergraduate and postgraduate levels alongside a Diploma of Higher Education and Certificate of Higher Education.

Despite the ongoing challenges, student numbers have remained generally stable with early signs of positive impacts on student number at both undergraduate and postgraduate level. Our student body continues to reflect a broad ethical and cultural diversity, and many do not have English as their first language. Students are supported by our academic staff and through the learning and resource centre. This latter offers support through study skills and proof-reading.

We have been able to offer much face-to-face teaching through the past year, though some elements continue to be offered through e-learning. The experience gained in the use of online learning during the height of the pandemic has provided opportunities to explore new ways of engaging with our students, and so continues for certain sessions and programmes, and it has been the focus of our academic team to ensure that all students are able to take full advantage of the resources provided.

The President and staff have worked hard to achieve, as best as possible, a sense of community and to promote collaborative working amongst the student community.

Luther King Centre for Theology and Ministry (LKC) is registered in the 'Approved (fee cap)' category of the Office for Students.



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The continuing requirements of GDPR are recognised and embodied with our processes, policies, and procedures.

Lower student numbers and economic challenges have, once again, allowed only limited upgrading of our bedroom stock and all but essential capital projects have been shelved until our revenue stream has consolidated.

The following key educational objectives were established for 2023-24, together with indicators of how these have been met:

Objective	Indicators of Achievement
Increase student numbers	Significantly increased enquiries and applications were seen over the full academic year, in both TMM and Chaplaincy studies. New recruitment monitoring process instituted as a standing item throughout the year at Operations Committee. Anticipated conversion to new year intake was well above previous five year average and retention will continue to be monitored through the next academic year
Make better use of our combined resources within the three partner colleges, reducing duplication and ensuring we offer streamlined single offer to maximise our educational opportunities and the commercial offers which support these.	A merger project scoping exercise was undertaken and brought to the proposal stage where it was presented to all three Boards in July 2024. Agreement for a full merger into a single institution was reached and has now moved into the implementation stage.
Engage with rapid development of AI and impact on educational field in a way that facilitates and supports students	Field work of nationwide HEI responses was undertaken and an initial policy drafted, reviewed and adopted. We anticipate this being a rapidly developing area which we will continue to review and develop to support student's understanding and practice in collaboration with our partner validating institutions.

### Financial review

The group has faced a challenging financial year with continued cost management and income maximisation challenges. However, our Bed, Breakfast and Conference business was able to meet our expectations over the full year. Our focus continues to be managing cash flow on an almost day to day basis. This approach has typified our financial monitoring over the past year.

### The Statement of Financial Activities for the Group

The focus of concern throughout the year has been to enable Luther King House Educational Trust to continue as a going concern and to this end we have continued regular discussions with our principal stakeholders, Northern Baptist College, and the Northern College (United Reformed Church, Congregational Federation and Moravian Church) to provide support to ensure we could continue operating and as we developed supporting income from accommodation, catering and conference services.



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At the end of the year the profit (loss) before tax incurred were:

Charity	(£151,916)
Subsidiary	£nil

Resulting in an overall loss before tax of (£151,916)

The bank balance at the end of the year was £145,868.

#### **Reserves policy and going concern.**

The total level of reserves at year-end amounted to £666,141 (2023 - £818,057). The Trustees are responsible for ensuring that the charity maintains an appropriate level of reserves to meet assessed risk and to manage cash flow. In the current uncertain climate, the priority has been regularly ensuring that the Trust has sufficient cash flow to meet obligations. Although the Trust seeks to maintain sufficient reserves to meet 3 months' worth of running expenditure, currently approx.£200k, the current level of free reserves is calculated to be £nil (2023 £120,289). However, the Trust will continue to work each year to increase the level of free reserves. The Trustees continue to review areas, particularly within the accommodation area of the group, where increased efficiencies can allow free reserves to increase to the target level.

The Colleges have expressed their support for our current business model and their conviction that we should continue to operate with our current model, whilst engaging in tripartite conversations to develop a strategy for ensuring viable operations in the medium term. Whilst the development of that strategy is refined and clarified, the two stakeholders have indicated their willingness to assist us through any temporary financial challenges on the journey to a medium term viable operation.

The assistance includes facilitating deferral of interest payments on loans and loan capital on funds previously advanced for improvements to the premises at Brighton Grove. This provision is regularly monitored and specific meetings between officers of the two College governing bodies and the Chair and President of Luther King House Educational Trust ensures that cash flow and the operation of Luther King house continues in a sustained way. Both Colleges have issued letters of support for the Trust extending until the end of August 2025.

The tripartite conversations have resulted in an agreement in principle for the three organisations to move forward with a plan to merge into a single new business. Thus, starting the journey of all three organisations towards medium / long term operating viability.

The Trust finances its operations through a mixture of retained profits and college loans. The management's objectives are to retain sufficient liquid funds to enable the company to meet its day to day obligations as they fall due. This policy has continued to be challenged during the year because of the global impact of regional conflicts and their impacts on the world economy and resource costs, the Trust has had to recourse to the governing bodies of the two major constituent colleges for relief provision on loan repayment and a commitment to potential further loan support.

The Trust makes little use of financial instruments other than an operational sterling bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position, and net incoming/outgoing resources.

The trustees are responsible for ensuring that the charity maintains an appropriate level of reserves to meet assessed risk and to manage cash flow. In the continuing climate of economic recovery, the continuing regional conflicts and the impact on resource availability and pricing, the priority has continued to be regularly ensuring that the Trust has sufficient cash flow to meet obligations. With all these factors trading remains challenging though we work hard to maximise our room occupancy.

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A significant income source for the Trust is through the bed and breakfast business of its subsidiary "Luther King Centre Conference and Accommodation Services Ltd". This business continues to recover, but the climate is still challenging with the on-going regional conflicts, resource availability and cost challenges. The opening of the new major event arena locally gives hope to have a positive impact on commercial ventures. The action taken in the last financial year has been necessary for a further year in the very challenging market:

- On the existing loans with the existing stakeholder colleges the Trust negotiated a further twelve months pause in repayments. The trust did fulfil its interest payments obligations.
- All non-essential capital expenditure was stopped.
- Continuing strict monitoring of cash flow
- Staffing hours were reviewed and where necessary reduced.
- Conversations continue with the Trustees of the Northern College and the Northern Baptist College about the provision of loans as required and within agreed and clearly defined parameters.

In addition to these actions the Trustees assessed several strategic options and concluded that the current model depending upon the subsidiary generating a reasonable level of profitability was still the most viable option for the future despite the current uncertainty.

We note the following regarding the operation of the LKCAS subsidiary.

- Manchester is a growing city with a range of entertainments and two Premier football clubs which means that the potential for new bookings is high.
- We have a good strong cohort of loyal customers and are well placed to access the city.
- The current model has shown a significant revenue growth over the years.
- We have been a successful venue for small conferences and again, historically, we have shown that we have a strong presence in this field.
- We regularly review staffing and accommodation prices to be the most cost effective.
- The opening of the Co-Op Live arena offers the potential for increased revenue through increased bookings.

#### **Plans for future years**

As noted earlier the Trustees have agreed to work with Northern Baptist College and Northern College to transfer the Trust and all staff to a new entity from 1<sup>st</sup> September 2025. All assets, liabilities and operations of the Trust will be transferred to the new entity for £nil consideration. From the date of transfer Luther King House Educational Trust will cease operating. Following the completion of the transfer the Trustees of Luther King House Educational Trust intend to dissolve the company.

We have reviewed the staff to minimise costs whilst continuing to provide a good standard of service to all our current and future clients. Once we have fully stabilised our income stream our current intention is to continue our bedroom upgrades.

We continue a strategy for the marketing of LKC Open College that admits students direct to LKC rather than through one of its constituent colleges. This includes continuing review of our website, our publicity, and on ways of promoting the LKC brand, particularly on social media.

# **LUTHER KING HOUSE EDUCATIONAL TRUST**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 AUGUST 2024**

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### **Reference and administrative details**

Charity number: 1082375  
Company number: 04065581

### **Registered Office:**

Luther King House, Brighton Grove, Rusholme, Manchester, M14 5JP

### **Secretary:**

The Revd Graham R Sparkes – resigned 11 January 2024  
Mr David T Rudman – appointed 11 January 2024

### **Our advisers:**

#### **Auditors**

Crowe UK LLP, 3<sup>rd</sup> Floor, St George's House, 56 Peter Street, Manchester, M2 3NQ.

#### **Bankers**

CAF Bank, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ



# LUTHER KING HOUSE EDUCATIONAL TRUST

## DIRECTORS' REPORT

### YEAR ENDED 31 AUGUST 2024

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#### Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purposes of charity law. The trustees and officers serving during the year and since the year end were as follows:

The Revd Dr Keith G Jones  
The Revd Dr Andrew J Lunn (F) resigned 5 October 2023  
The Revd Dr Clara N Rushbrook (F)  
The Revd Dr Simon J Oxley (F)  
Dr Jacqueline Suthren Hirst  
Ms. Erica M Dunmow  
The Revd Jenny Mills (F)  
Bishop Theo Oluwasegun Akano  
The Revd Dr Adam J Scott (F)  
Mrs. Helen Mason (F)  
The Revd Graham M Edwards (F) appointed 5 October 2023

(F) = Directors appointed by a Founder Member according to its rights defined in the company's Articles of Association.

#### Key management personnel

President	The Revd Canon Graham R Sparkes term ceased 30 June 2024
President	The Revd Dr Kim Wasey term commenced 1 July 2024
Company Secretary	The Revd Canon Graham R Sparkes resigned 11 January 2024
Company Secretary	Mr. David Rudman appointed 11 January 2024
Finance Manager:	Mr. David Rudman appointed 1 September 2023
Operations Manager	Miss Beverley Bartram
Academic Registrar	Miss Clare Richardson
Librarian	Mrs. Katie Glover
Open College Principal	The Revd Dr Kim Wasey

#### Structure, Governance and Management

##### Governing Document

The Trust is a charitable company limited by guarantee and was set up on 1 September 2000. It is governed by a Memorandum and Articles of Association. The charity was created to carry on and further develop the work of its two predecessor charities, the Manchester Christian Institute (charity number 515358) and the Northern Federation for Training in Ministry (charity number 517496). Both these charities transferred their net assets as at 31 August 2000 to the Trust and were then dissolved.

The Memorandum and Articles of Association were updated in April 2015.

Every member promises, if the Charity is wound up while he/she is a member or within 12 months after ceasing to be a member; to pay such amounts as is required up to £1 towards the costs of dissolution and the liabilities incurred by the Charity while the contributor was a member.

The concept of the Partnership for Theological Education was born in 1997, under the umbrella of the Manchester Christian Institute. In September 2000, the member bodies of the Partnership became the member bodies of the Trust. The Partnership for Theological Education continues to be the operational name under which the Trust carries out some of its educational activities.

# **LUTHER KING HOUSE EDUCATIONAL TRUST**

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The financial basis of the Trust was the agreement of the four Founder members to provide to the Trust the land and buildings of Luther King House valued at £700,000 and cash totalling £500,000.

The original land and buildings were transferred from Northern Baptist College to a charity called the Luther King House Property Trust under a Charity Commission Scheme (case number 180221) dated 27 June 2002. Luther King House Property Trust is a separate charity from the Trust, but the Trust is its only trustee. The Charity Commission has given permission for the two charities to be accounted for as if they were a single entity.

#### **Appointment of trustees**

Where a vacancy arises for a director appointed by a Founder Member organisation, the organisation concerned makes the appointment in accordance with its own internal processes.

When a vacancy arises for an independent director, the Board considers any gaps in its current expertise and experience and in the various constituencies represented. It also has concern for its gender and ethnic balance. It then identifies a person or persons who could fill some of those gaps. An invitation is issued. Training of new directors includes the provision of a comprehensive induction pack. The Board encourages and supports directors who wish to pursue opportunities that will help them fulfil their responsibilities as trustees.

A new protocol has been developed to cover the appointment and re-appointment for all members of the Board.

#### **Changes to the trustee body**

During the year we appointed one new member of the board and had one member resign during the year. The Revd Graham Edwards replaced The Revd Dr Andrew Lunn and is a Foundation Trustee.

#### **Trustee induction and training**

Induction is tailored for new Trustees due to the very different needs of Independent and Foundation Trustees.

#### **Organisation**

The Board of Trustees administers the charity. The Board meets on at least four occasions each year. Responsibility for governance remains with the Board of Directors and its Finance and Monitoring Committee, which meets quarterly and includes an internal audit function to check on not only financial and ethical matters, but also policies relating to equal opportunities, child protection and staff terms and conditions.

Responsibility for day to day management is entrusted to the Operations Committee, led by the President (a full time salaried officer). The committee includes the Principals, or their representative, of the three Colleges that participate in the Trust's educational activity and provide most of its teaching staff. Operations focuses on implementation, co-ordination, staff management, staff development and deployment of resources as well as monitoring health and safety.



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There are two academic committees to manage the undergraduate, postgraduate, and Research programmes, chaired by a member of the academic staff, and attended by the staff who teach on the programmes, student representatives and representatives of the University of Manchester and the University of Durham and Common Awards as appropriate. The Luther King Centre has an agreement with York St John University to co-supervise candidates on the doctoral programme of the University.

#### **Related parties and cooperation with other organisations**

The trustees do not receive remuneration in relation to their role on the board, however the Board includes members who are employed by member organisations and who are members of the teaching team delivering educational services for the Charity. This aspect of their work is remunerated.

A new company, Luther King House Conference and Accommodation Services Limited, was set up on 27 July 2009. This company is a wholly controlled subsidiary of the Trust. Its purpose is to carry on the conference and accommodation business at Luther King House and it operates under a licence granted by the Trust. It began trading on 1 September 2009. The directors of the main Trust are also directors of the subsidiary.

The directors' report and the accompanying financial statements concern the combined results of the Group for the year to 31 August 2024. Balance sheets for the Group and for the Charity are shown on page 22.

#### **Charity Governance**

In July 2018 the Board agreed to adopt the 'Charity Governance Code' with additional principles relating to Higher Education. Whilst this had been discussed in the past and generally reflected current practice, the Board recognised that it would be appropriate to formally adopt the code and put in place procedures for its implementation and regular monitoring. This latter activity would be achieved by an annual review in the Autumn at the same time as all other policies were reviewed. The Board agreed the following affirmations relating to its academic staff:

- That LKC affirms that its academic staff have freedom within the law:
  - to question and test received wisdom; and
  - to put forward new ideas and controversial or unpopular opinions without placing themselves in jeopardy of losing the jobs or privileges they may have at LKC.
- That LKC affirms its commitment to freedom of speech and the encouragement of debate of all kinds as long as this takes place within the law and will take such steps as may be necessary to secure such freedom.

#### **Fundraising**

The Charity had no fundraising activities requiring disclosure under provision of the Charities (Protection and Social Investment) Act 2016.

#### **Pay policy for senior staff.**

Staff pay is agreed by the Board on recommendation of the Finance and Monitoring Committee. Remuneration for senior staff is based on role, experience, and performance. It is reviewed annually and normally increased in accordance with average earnings.

#### **Risk Management**

The directors maintain a register of the major risks which the Trust faces, and they review this register regularly. Each risk is assessed for its severity and its likelihood and for the effectiveness of the steps



# **LUTHER KING HOUSE EDUCATIONAL TRUST**

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taken to manage the risk. The Register is regularly reviewed by the Finance and Monitoring Committee and risk management is now an annual standing item on the agenda of the LKHET Board meetings. In reviewing the Register, the directors considered the most serious risks facing the Trust, and the actions taken to mitigate them are:

- Failure to maintain income to sustain core activities.  
Annual budgets are prepared by key management personnel and comparisons to actual are carefully monitored throughout the year. Cash flow is monitored on a daily basis and 3-year forecasts are now part of the annual budgeting process. There are regular reviews of strategic policies.
- Lack of student numbers  
Student recruitment is monitored closely, and publicity and marketing initiatives are carried out. The Trust ensures that academic programmes are meeting the requirements of the respective Colleges and denominations.
- Volatile energy market  
The Trust agreed extensions to utility contracts. The gas contract was extended for 12 months until March 2025 whilst the electricity contract was extended for 24 months until July 2026. This was agreed at a significantly better value than initially anticipated. This was agreed via the use of energy brokers working on behalf of the Trust.
- Loss of confidence in the quality of the accommodation and conference facilities.  
Comments and feedback are regularly monitored and responded to as appropriate.
- Failure to adequately maintain and improve the property.  
Regular maintenance and improvement work are budgeted for and carried out. The property is regularly inspected, and necessary work is carefully prioritised.

#### **Trustees' responsibilities in relation to the financial statements**

The directors are responsible for preparing the Directors' 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 directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group of the incoming resources and application of resources including the income and expenditure, of the group for that period. In preparing these financial statements the directors 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 charitable company and group will continue in business.

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

# LUTHER KING HOUSE EDUCATIONAL TRUST

## DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2024

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### Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Small company provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the trustees



Keith G Jones  
Director



21/1/25

# **LUTHER KING HOUSE EDUCATIONAL TRUST**

## **INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED 31 AUGUST 2024**

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### **Opinion**

We have audited the consolidated financial statements of Luther King House Educational Trust for the year ended 31 August 2024 which comprise the Consolidated Statement of Financial Activities, Statement of Changes in Reserves, Consolidated and Charity Balance Sheet, Consolidated Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and charitable company's affairs as of 31 August 2024 and of the group's 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.
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

As described in note 1, the trustees have prepared the financial statements on a basis other than going concern. The charity is seeking to merge. This follows a formal agreement at a joint Governing Body meeting held in July 2024, where the Boards of Luther King Educational Trust, Northern Baptist College Limited and Northern College (URC and Congregational) agreed to merge the three organisations into one. Our opinion is not modified in this respect

### **Other information**

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



# **LUTHER KING HOUSE EDUCATIONAL TRUST**

## **INDEPENDENT AUDITOR'S REPORT**

### **YEAR ENDED 31 AUGUST 2024**

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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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the trustees' report for the financial year for which the consolidated financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception.**

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

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

- adequate accounting records have not been kept by the charitable company, or 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# **LUTHER KING HOUSE EDUCATIONAL TRUST**

## **INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED 31 AUGUST 2024**

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud.**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing from student record documentation and sample testing of accommodation records to the consolidated financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# LUTHER KING HOUSE EDUCATIONAL TRUST

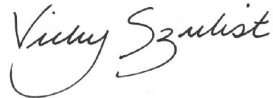
## INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 AUGUST 2024

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### Use of our report

This report is made solely to the group and 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 group and 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 group and charitable company and the group and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

3<sup>rd</sup> Floor

St George's House

56 Peter Street

Manchester

M2 3NQ

31st January 2025



# LUTHER KING HOUSE EDUCATIONAL TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure account)

YEAR ENDED 31 AUGUST 2024

		Unrestricted	Restricted	Total Funds	Total Funds
	Note	Funds £	Funds £	2024 £	2023 £
<b>Income:</b>					
<i>Income from charitable activities:</i>					
Academic and housing activities	3	331,235		331,235	348,437
<i>Income from other trading activities:</i>					
Commercial trading operations	4	950,458		950,458	941,093
Investment income	5	633		633	540
<b>Total income</b>		<b>1,282,326</b>		<b>1,282,326</b>	<b>1,290,070</b>
<b>Expenditure</b>					
<i>Costs of raising funds</i>					
Commercial trading operations		667,027		667,027	607,512
<i>Expenditure on charitable activities:</i>					
Academic and housing activities	6	767,215		767,215	638,540
<b>Total expenditure</b>		<b>1,434,242</b>		<b>1,434,242</b>	<b>1,246,052</b>
<b>Net income/(expenditure) before tax and net movement in funds for the year</b>	9	<b>(151,916)</b>		<b>(151,916)</b>	<b>44,018</b>
Tax expense	11	-		-	-
<b>Net income/(expenditure)</b>		<b>(151,916)</b>		<b>(151,916)</b>	<b>44,018</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		818,057		818,057	774,039
<b>Total funds carried forward</b>		<b>666,141</b>		<b>666,141</b>	<b>818,057</b>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.  
The deficit in the year for the Charity was £151,916.

# LUTHER KING HOUSE EDUCATIONAL TRUST

## STATEMENT OF CHANGES IN RESERVES

YEAR ENDED 31 AUGUST 2024

	Unrestricted	Restricted	Total Funds
	Funds	Funds	2024
Income:	£	£	£
Balance at 1 September 2020	99,353	837,886	937,239
Net Income for the year ended 31 August 2021	(20,501)	(137,886)	(158,387)
Other comprehensive income/(expense)	-	-	-
Total comprehensive income/(expense) for the year ended 31 August 2021	(20,501)	(137,886)	(158,387)
<b>Balance at 31 August 2021</b>	<b>78,852</b>	<b>700,000</b>	<b>778,852</b>
Net Income for the year ended 31 August 2022	(4,813)	-	(4,813)
Other comprehensive income/(expense)	-	-	-
Total comprehensive income/(expense) for the year ended 31 August 2022	(4,813)	-	(4,813)
<b>Balance at 31 August 2022</b>	<b>74,039</b>	<b>700,000</b>	<b>774,039</b>
Net Income for the year ended 31 August 2023	44,018	-	44,018
Other comprehensive income/(expense)	-	-	-
Total comprehensive income/(expense) for the year ended 31 August 2023	44,018	-	44,018
Transfer	-	-	-
<b>Balance at 31 August 2023</b>	<b>118,057</b>	<b>700,000</b>	<b>818,057</b>
Net Income for the year ended 31 August 2024	(151,916)	-	(151,916)
Other comprehensive income/(expense)	-	-	-
Total comprehensive income/(expense) for the year ended 31 August 2024	(151,916)	-	(151,916)
Transfer	-	-	-
<b>Balance at 31 August 2024</b>	<b>(33,859)</b>	<b>700,000</b>	<b>666,141</b>

# LUTHER KING HOUSE EDUCATIONAL TRUST

## GROUP AND CHARITY BALANCE SHEETS

Company No; 04065581

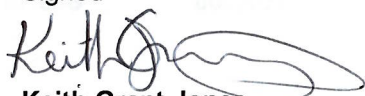
YEAR ENDED 31 AUGUST 2024

		Group		Charity	
	Note	2024 £	2023 £	2024 £	2023 £
<b>Non-current assets</b>					
Deferred Tax asset	11	-	-	-	-
Tangible assets	12	1,257,853	1,275,269	1,257,853	1,275,269
<b>Total Non-current Assets</b>		<b>1,257,853</b>	<b>1,275,269</b>	<b>1,257,853</b>	<b>1,275,269</b>
<b>Current assets</b>					
Stock	13	1,494	1,556	-	-
Debtors	14	46,815	37,493	159,402	178,316
Cash at bank and in hand		145,868	291,225	29,748	73,979
<b>Total Current Assets</b>		<b>194,177</b>	<b>330,274</b>	<b>189,151</b>	<b>252,295</b>
<b>Liabilities</b>					
Creditors falling due within one year	15	(208,390)	(209,986)	(203,734)	(132,379)
<b>Net Current assets</b>		<b>(14,213)</b>	<b>120,288</b>	<b>(14,583)</b>	<b>119,916</b>
<b>Total assets less current liabilities</b>		<b>1,243,641</b>	<b>1,395,557</b>	<b>1,243,270</b>	<b>1,395,185</b>
Creditors falling due after more than 1 year	16	(577,500)	(577,500)	(577,500)	(577,500)
<b>Net assets</b>		<b>666,141</b>	<b>818,057</b>	<b>665,770</b>	<b>817,685</b>
<b>The funds of the charity:</b>					
Unrestricted income funds	19	(33,859)	118,057	(34,230)	117,685
Restricted income funds	19	700,000	700,000	700,000	700,000
<b>Total charity funds</b>		<b>666,141</b>	<b>818,057</b>	<b>665,770</b>	<b>817,685</b>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The company has not delivered a copy of the profit and loss account to Companies House.

Signed



**Keith Grant Jones**  
Trustee



**Helen Mason**  
Trustee

Approved by the trustees on 21/1/2025

The notes at pages 24 to 40 form part of these accounts.



# LUTHER KING HOUSE EDUCATIONAL TRUST

## CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2024

		Group	
	Note	2024 £	2023 £
<b>Cash generated in operating activities</b>	<b>23</b>	<b>(93,379)</b>	<b>160,836</b>
<b>Cash flows from investing activities</b>			
Interest income		633	540
Purchase of tangible fixed assets		(24,260)	(22,263)
<b>Cash provided by (used in) investing activities</b>		<b>(23,627)</b>	<b>(21,723)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowing		-	-
Interest paid		(28,351)	(18,793)
Loan taken out in the year		-	-
<b>Cash used in financing activities</b>		<b>(28,351)</b>	<b>(18,793)</b>
(Decrease) increase in cash and cash Equivalents in the year		<b>(145,357)</b>	<b>120,320</b>
Cash and cash equivalents at the beginning of the year		291,225	170,905
<b>Total cash and cash equivalents at the end of the year</b>		<b>145,868</b>	<b>291,225</b>

The charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only cash flow statement with the consolidated accounts.

The notes at pages 24 to 40 form part of these accounts.

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2024

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### Notes on the accounts

#### 1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

##### a) Basis of preparation

Luther King House Educational Trust is a private company limited by guarantee, incorporated, and registered as a charitable company in England (Registered No. 1082375 (Company) & 04065581 (Charity)). Its registered office is listed on the reference and administration page.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Luther King House Educational Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Charity has taken advantage of the available exemption under s408 Companies Act and has not included a Charity only Statement of Financial Activities.

##### b) Preparation of the accounts on a basis other than going concern

These financial statements have been prepared on a basis other than a going concern basis which the trust board considers to be appropriate.

The Trustees have agreed to work with Northern Baptist College and Northern College to transfer the Trust and all staff to a new entity from 1<sup>st</sup> September 2025. All assets, liabilities and operations of the Trust will be transferred to the new entity for £nil consideration. From the date of transfer Luther King House Educational Trust will cease operating. Following the completion of the transfer the Trustees of Luther King House Educational Trust intend to dissolve the company. For this reason, the financial statements have been prepared on a basis other than going concern.

The colleges have confirmed that none of the loans will be repayable within a year

##### c) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned trading subsidiary company, Luther King House Conference and Accommodation Services Limited. A separate statement of financial activities incorporating an income and expenditure account for the charity itself is not presented because advantage has been taken of the exemptions under the Companies Act 2006.

##### d) Income and expenditure

All incoming resources are included in the Statement of Financial Activities when the Trust is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Most course fees are invoiced at the beginning of each academic year and are receivable then.

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# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

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College block charges are agreed in advance each year with the colleges. The total charges for the financial year are invoiced in September and received in instalments through the year.

Other income is recognised on a receivable basis.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

#### **Allocation of expenditure**

Governance costs are those incurred in connection with public accountability and the strategic planning process of the Trust. Governance costs represent the time spent by employees on these matters.

#### **e) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

#### **f) Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objects of the Trust and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

#### **g) VAT**

Irrecoverable VAT is written off in the year except for where it relates to capital items, in which case it is added to the cost of additions of fixed assets.

#### **h) Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight-line basis over the period of the lease.

#### **i) Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office and computer equipment	33% straight line
Furniture, fixtures, and fittings	20% straight line



# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

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Building improvements	5% straight line
Library development	2% straight line

As the residual value of land and long leasehold buildings is believed to be at least the carrying value of the asset no depreciation is provided.

#### j) Stock

Stocks consist of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value.

#### k) Debtors

Trade debtors are recognised at the settlement amount after any trade discounts offered.

Prepayments are valued at the amount prepaid net of any trade discounts due.

#### l) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### m) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### n) Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activity.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

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asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset, and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

o) Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the statement of financial activities.

p) Capitalisation Policy

The company prepares the financial statements in accordance with the concept of materiality. Therefore, the company will capitalise costs that are greater than the following limits: individually have a cost of more than £1,000, or collectively have a cost of least £1,000 where the assets are functionally interdependent, have simultaneous purchase dates and are anticipated to have simultaneous disposal dates, and are under single managerial control.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty.**

The charity makes estimates and assumptions concerning the future. The Finance Committee reviewed the worst-case scenario and combined with the College letters of financial support, concluded that there is no material uncertainty around the Trust's ability to continue as a going concern and as such the disclosures in this area are appropriate. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment and note 1i for the useful economic lives for each class of assets.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors.

When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

## **2 Legal status of the Trust**

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The entity is a private charitable company, Charity number 1082375. The registered office is Luther King House, Brighton Grove, Rusholme, Manchester M14 5JP.

### 3. Incoming resources from charitable activities

	2024 £	2023 £
<b>House income</b>		
Rent	24,330	21,519
Sundry income	22,282	-
	<u>46,612</u>	<u>21,519</u>
<b>Academic activities</b>		
College fees	199,861	187,091
College block charges	71,500	121,500
Sundry income (including grants)	13,262	18,327
	<u>284,623</u>	<u>326,918</u>
<b>Total</b>	<u>331,235</u>	<u>348,437</u>

### 3a Disclosure on Grant and Fee income

	2024 £	2023 £
<b>Grant income</b>		
Grant income from OfS	6,566	8,276
Grant income from other Bodies	-	-
Total Grant income	<u>6,566</u>	<u>8,276</u>
<b>Fee income</b>		
Fee income from taught awards	170,997	163,085
Fee income from research awards	9,694	14,816
Fee income from non-qualifying courses	19,170	9,190
Total fee income	<u>199,861</u>	<u>187,091</u>



# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

#### 4 Trading operations and investment in trading company

The consolidated statement of financial activities includes the results of the Charity's wholly controlled subsidiary. The Charity is the sole member of Luther King House Conference and Accommodation Services Ltd, (company number 6973866, registered office same as the parent Charity), a supplier of bed and breakfast and conference facilities. It pays almost all of its profits to the charity by gift aid. Summaries of the trading result and balance sheet are as follows:

#### Trading result for the year ended 31 August 2024

	2024 £	2023 £
Turnover	950,458	941,093
Investment income	513	287
Cost of sales and administrative expenses Including internal rent of £180,000	(847,027)	(787,512)
Profit (Loss) before tax	103,944	153,868
Tax expense	-	-
Profit (loss) for the year	103,944	153,868
Amount gifted to the Charity	103,944	153,868
Retained in the subsidiary	-	-

#### Balance Sheet at 31 August 2024

Non-Current assets	-	-
Current assets	215,410	231,847
Creditors (amounts falling due within one year)	(215,039)	(231,476)
Total net assets (liabilities)	371	371
Aggregate reserves	371	371

5 Investment income	Unrestricted Funds	Total funds 2024	Total funds 2023
	£	£	£
Bank interest receivable	633	633	540

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2024

<b>6 Analysis of expenditure of charitable activities</b>			
	<b>2024</b>	<b>2023</b>	
	<b>£</b>	<b>£</b>	
<b>Academic and house activities</b>			
Staff costs	302,009	253,843	
Teaching fees	5,020	22,269	
University registration	15,245	19,523	
Bursaries	560	1,589	
Books and periodicals	6,120	6,870	
Bad debts	(920)	(2,231)	
Rates and water	32,910	24,682	
Light and heat	110,927	65,510	
Cleaning	1,650	1,250	
Insurance	8,260	7,886	
Repairs and maintenance	34,263	27,321	
Telephone	417	1,139	
Office supplies and postage	9,830	7,032	
Photocopying rental	744	385	
Photocopying charges	1,434	1,205	
Travel	1,475	1,091	
Meetings & sundry xps	61,813	49,345	
Depreciation of fixed assets	41,676	43,960	
Support costs (see note 7)	100,405	92,508	
Governance costs (see note 8)	33,377	13,363	
<b>Total academic and house activities costs</b>	<b>767,215</b>	<b>638,540</b>	

<b>7. Support costs</b>			
	<b>Unrestricted funds</b>	<b>Total funds</b>	<b>Total funds</b>
	<b>£</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Loan interest	28,350	28,350	18,793
Bank charges	1,847	1,847	1,895
Irrecoverable VAT	10,684	10,684	14,495
President employment costs	59,141	59,141	56,179
Finance general costs	383	383	1,146
<b>Total</b>	<b>100,405</b>	<b>100,405</b>	<b>92,508</b>

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2024

### 8. Governance costs

	Unrestricted funds	Total funds 2024	Total funds 2023
	£	£	£
Audit fees	11,635	11,635	9,515
Professional fees	20,071	20,071	2,566
Trust meetings and expenses	1,671	1,671	1,282
<b>Total</b>	<b>33,377</b>	<b>33,377</b>	<b>13,363</b>

### 9. Net income/(expenditure) for the year

	Total funds 2024	Total funds 2023
	£	£
This is stated after charging		
Operating lease - photocopier	744	385
Staff pension contributions	56,965	47,374
Depreciation	41,676	43,960
Auditor's fees	11,635	9,515
<b>Total</b>	<b>111,020</b>	<b>101,234</b>

### 10. Staff costs and emoluments

	2024 £	2023 £
Total staff costs were as follows		
Wages and salaries	565,514	510,022
Social security costs	44,839	38,746
Other pension costs	56,965	47,374
	<b>667,318</b>	<b>596,142</b>

None of the Trust's employees received remuneration in excess of £60,000 in the year (2023: £nil).

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The key management personnel of the parent charity, the Trust, comprise the Trustees, the President, Academic Registrar, Librarian, Finance Manager and Open College Principal. The total employee benefits of the key management personnel of the Trust were £211,719 (2023: £193,472).

The key management personnel of the group comprise those of the Trust and the key management personnel of its wholly owned subsidiary Luther King House Conference and Accommodation Services Ltd. The key management personnel of LKHCAS Ltd is the Operations Manager. Employee benefits in the role total £ 38,046 (2023: £34,650).

The employee benefits of key management personnel for the group was therefore £249,765 (2023: £228,122).



# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

		2024	2023
		£	£
Salary of President	Salary	52,436	46,330
Pension of President	Pension	5,243	4,633
Totals		57,679	50,963

i The President's basic salary is 2.4 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider for its staff.

ii The President's total remuneration is 2.6 times the median total remuneration of staff where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of its staff.

Directors received no remuneration (2023: nil) and were reimbursed expenses as follows:

	2023	2023
	£	£
Reimbursement of expenses		
Keith Jones (travel expenses)	195	84

#### Particulars of employees:

	2024		2023	
	Academic	Admin/House	Academic	Admin/House
	No.	No.	No.	No.
Full time equivalent	5	17	5	16
Average	5	23	7	17

Most of the teaching on the Trust's various courses is provided by employees of other bodies.

#### 11. Taxation

In respect of the year	2024	2023
	£	£

Taxation based on for the year at 20% (2023 20%): - -

In the current year the trading subsidiary made a profit (loss) before tax of £103,944 (2023: £153,581)

**LUTHER KING HOUSE EDUCATIONAL TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2024**

**12. Tangible fixed assets**

Group and charity	Office and Computer Equipment £	Fixtures Fittings Plant & Equipment £	Building Improvements £	Land and Long Leasehold Property £	Total £
<b>Cost</b>					
At 1 September 2023	174,367	296,079	1,320,475	700,000	2,490,921
Additions	3,399	676	20,185	-	24,260
Disposals	-	-	-	-	-
At 31 August 2024	177,766	296,755	1,340,660	700,000	2,515,181
<b>Depreciation</b>					
At 1 September 2023	161,954	287,489	766,209	-	1,215,652
Charge for the year	4,654	3,832	33,190	-	41,676
On disposals	-	-	-	-	-
At 31 August 2024	166,608	291,321	799,399	-	1,257,328
<b>Net Book Value</b>					
At 31 August 2024	11,159	5,434	541,260	700,000	1,257,853
At 31 August 2023	12,413	8,590	554,266	700,000	1,275,269

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2024

### 13. Stock

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Stock	1,494	1,556	-	-

### 14. Debtors

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade Debtors	9,949	6,257	7,609	1,741
Amounts owed by Subsidiary	-	-	129,161	153,868
Prepayments	36,866	31,236	22,632	22,707
	46,815	37,493	159,402	178,316

Of the group trade debtors £ nil (2023: £nil) was due in over a year.

### 15. Creditors: Amounts falling due within a year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade Creditors	24,717	34,965	7,657	26,349
PAYE & social security	14,101	12,676	14,101	12,676
VAT	13,696	35,633	13,696	35,633
Other creditors	59,399	59,996	91,454	11,462
Accruals and deferred Income	96,477	66,716	76,826	46,259
College loans	-	-	-	-
	208,390	209,986	203,734	132,379

### 15a Deferred income movement.

	Group	Charity
Amount b/f 2023	26,178	19,094
Resources released in the year	(26,178)	(19,094)
Resources deferred in the year	38,105	31,496
Amount c/f 2024	38,105	31,496



# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2024

### 16. Creditors: Amounts falling due after more than one year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
College loans (i)	410,000	410,000	410,000	410,000
College loans (ii)	67,500	67,500	67,500	67,500
College loans (iii)	100,000	100,000	100,000	100,000
Accruals and deferred Income	-	-	-	-
	577,500	577,500	577,500	577,500

#### College loans (i)

Included in creditors falling due after more than one year are loans of: £60,000 (2023: £60,000) and £230,000 (2023: £230,000) from Northern Baptist College. This organisation is a founder member of the Trust. The loans are repayable when the Trust has funds available, or on the dissolution of the Trust. Interest is payable at 1% below base rate on the £60,000 loan. An agreement was reached in 2021 to reduce the interest rate for the £230,000 loan to 1% above base rate. Previously the rate used had been based on the Charities Aid Foundation for its COIF units, collared at 4% for the £230,000 loan.

£70,000 (2023: £70,000) and £67,500 (2023: £67,500) from Northern College. This organisation is a founder member of the Trust. The £70,000 loan is repayable when the Trust has funds available or on the dissolution of the Trust. An agreement was reached in 2021 to reduce the interest rate for the £70,000 loan to 1% above base rate. Previously the rate used had been based on the Charities Aid Foundation for its COIF units, collared at 4% for the £70,000 loan.

£50,000 (2023: £50,000) from Unitarian College. This organisation is a member of the Trust. The loan is repayable when the Trust has funds available or on the dissolution of the Trust. Interest is payable at 1% above base rate. It was previously the daily rate set by the Charities Aid Foundation for its COIF units, collared at 4%.

Total interest paid was £2,614 (2023: £2,000).

The Charity Commission has confirmed that it will be willing to authorise these loans to be repaid out of the proceeds of sale of Luther King House property if such a sale ever takes place and if the loans remain outstanding when it does.

#### College loans (ii)

Included in creditors falling due after more than one year is a loan of: £67,500 (2023: £67,500) from Northern College. The outstanding loan was repayable by 2023 but a deferral to 2027 was agreed in order to assist cash flow during the Covid-19 crisis. Interest is payable at 2.5%. The original £60,000 loan was taken to convert offices into bedrooms. A further loan of £90,000 was taken to convert additional offices to bedrooms. The loans will be repaid as follows:

2025: £22,500      2026: £22,500      2027: £11,250

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

#### College loans (iii)

Included in creditors falling due after more than one year are loans that were granted in 2021 as emergency relief to a cashflow crisis at the height of the pandemic.

£75,000 (2023: £75,000) from Northern College. Interest is payable at 1% over base rate.

Total interest paid to Northern College was £9,616 (2023: £3,594)

£25,000 (2023: £25,000) from Northern Baptist College. Interest is payable at 1% over base rate.

Total interest paid to Northern Baptist College was £16,121 (2023: £1,198)

The College loans could be deemed concessionary loans. The colleges have confirmed that none of the loans will be required to be repaid within a year.

#### 17. Pensions

At the year end the outstanding pension commitment was £4,309 (2023: £3,482)

#### 18. Commitments under operating leases

At 31 August 2024 the company had minimum lease payments of £nil.

	Assets other than land And buildings	
	2024	2023
	£	£
Operating leases which will be paid: < 1 year	-	-

#### 19. Analysis of charitable funds

##### Analysis of movement in unrestricted funds

	Balance 1 September 2023	Incoming resources	Resources expended	Transfers	Funds 31 August 2024
	£	£	£	£	£
General fund	118,057	1,282,326	(1,434,242)	-	(33,859)
<b>Total</b>	<b>118,057</b>	<b>1,282,326</b>	<b>(1,434,242)</b>	<b>-</b>	<b>(33,859)</b>

##### (Prior Year)

	Balance 1 September 2022	Incoming resources	Resources expended	Transfers	Funds 31 August 2023
	£	£	£	£	£
General fund	74,039	1,290,070	(1,246,052)	-	118,057
<b>Total</b>	<b>74,039</b>	<b>1,290,070</b>	<b>(1,246,052)</b>	<b>-</b>	<b>118,057</b>

Name of unrestricted fund	Description, nature, and purpose of the fund
General fund	The 'free reserves' after allowing for designated funds.

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

#### Analysis of movement in restricted fund

	Balance 1 September 2023	Incoming resources	Resources expended	Transfers	Funds 31 August 2024
	£	£	£	£	£
Property	700,000	-	-	-	700,000
<b>Total</b>	<b>700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700,000</b>

#### (Prior Year)

	Balance 1 September 2022	Incoming resources	Resources expended	Transfers	Funds 31 August 2023
	£	£	£	£	£
Property	700,000	-	-	-	700,000
<b>Total</b>	<b>700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700,000</b>

Restricted funds represent the value of assets acquired with money given for this specific purpose including the original gift of land and buildings to the Trust.

In 2008, substantial improvements were made to the buildings. The value of these have been reduced each year by depreciation. However, the Board decided to allocate the remaining balance on the improvements from restricted to unrestricted reserves during 2021.

#### 20. Analysis of group net assets between funds

	General Fund	Designated Fund	Restricted Fund	Total 2023
	£	£	£	£
Tangible fixed assets	557,853	-	700,000	1,257,853
Other non-current assets	-	-	-	-
Cash at bank and in hand	145,868	-	-	145,868
Other net current assets/(liabilities)	(160,080)	-	-	(160,080)
Creditors of more than one year	(577,500)	-	-	(577,500)
	<b>(33,859)</b>	<b>-</b>	<b>700,000</b>	<b>666,141</b>

#### (Prior Year)

	General Fund	Designated Fund	Restricted Fund	Total 2022
	£	£	£	£
Tangible fixed assets	575,269	-	700,000	1,275,269
Other non-current assets	-	-	-	-
Cash at bank and in hand	291,225	-	-	291,225
Other net current assets/(liabilities)	(170,937)	-	-	(170,937)
Creditors of more than one year	(577,500)	-	-	(577,500)
	<b>118,057</b>	<b>-</b>	<b>700,000</b>	<b>818,057</b>



# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 AUGUST 2024

#### 21. Related party transactions

Transactions between the parent and the wholly controlled trading subsidiary have not been disclosed due to the fact that the subsidiary is wholly owned. Advantage has been taken of the available exemption under Section 33 of FRS 102.

Luther King House Conference & Accommodation Services Ltd is exempt from audit by virtue of s477 of the Companies Act.

The three Colleges below are member bodies of the Trust, and have rights and responsibilities as set out in the Memorandum of Association.

The Trust made sales of £81,023 (2023: £72,055) to Northern Baptist College and at year end was owed £42 (2023: £nil) by the College. Total interest paid on loans was £16,121 (2023: £10,398).

The Trust made sales of £163,791 (2023: £130,902) to Northern College and at year end was owed £nil (2023: £nil) by the College. Total interest paid on loans was £9,616 (2023: £6,394).

The Trust made sales of £13,204 (2023: £6,340) to Unitarian College and at year end was owed £318 (2023: £nil) by the College. Total interest paid on a loan was £2,614 (2023: £2,000).

#### 22. Financial Instruments

Financial assets that are measured at amortised cost:	2024 £	2023 £
Trade debtors	10,159	7,587
Cash	145,868	291,225
	<b>156,027</b>	<b>298,812</b>
Financial liabilities that are measured at amortised cost:	2024 £	2023 £
Trade creditors	24,717	34,965
Other payables	117,771	100,536
Loans	577,500	577,500
	<b>719,988</b>	<b>713,001</b>

#### 23. Reconciliation of net (outgoing)/incoming resources to net cash outflow from operating activities

	2024 £	2023 £
Net incoming/(outgoing) resources	(151,916)	44,018
Depreciation	41,676	43,960
Investment income	(633)	(540)
Interest payable	28,350	18,792
Decrease in stock	62	(69)
Decrease/(Increase) in debtors	(9,322)	(2,752)
(Decrease)/Increase in creditors	(1,596)	57,427
Net cash outflow from operating activities	<b>(93,379)</b>	<b>160,836</b>

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2024

### Reconciliation of net cash flow to movement in net debt

	2024 £	2023 £
Increase/(Decrease) in cash in the year	(145,357)	120,320
Cash outflow from other loans	-	-
Change in net debt resulting from cash flows	(145,357)	120,320
Movement in net debt in the period	(145,357)	120,320
Net debt brought forward	(286,275)	(406,595)
Net debt carried forward	(431,632)	(286,275)

### 24. Analysis of reconciliation of net debt

	Brought Forward £	Cash flow £	Carried Forward £
Net cash			
Cash at bank and in hand	291,225	(145,357)	145,868
Debt due after 1 year	(577,500)	-	(577,500)
Debt due within 1 year	-	-	-
Net debt	(286,275)	(145,357)	(431,632)

### 25. Post Balance Sheet Event

The trustees have been working with Northern Baptist College and Northern College to ensure the longevity of all three organisations. The decision has been made to transfer the Trust and all staff to a new entity on 1<sup>st</sup> September 2025. All assets, liabilities and operations will transfer to the new entity for nil consideration. From the date of transfer Luther King Educational Trust will cease operating. Following the completion of the transfer, the trustees of Luther King House intend to dissolve the company.

# LUTHER KING HOUSE EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2024

### 26. Prior Year Consolidated Statement of Financial Activities

		Unrestricted	Restricted	Total Funds	Total Funds
	Note	Funds	Funds	2023	2022
		£	£	£	£
<b>Income:</b>					
<i>Income from charitable activities:</i>					
Academic and housing activities	3	348,437	-	348,437	308,595
<i>Income from other trading activities:</i>					
Commercial trading operations	4	941,093	-	941,093	859,800
Investment income	5	540	-	540	16
<b>Total income</b>		<b>1,290,070</b>	<b>-</b>	<b>1,290,070</b>	<b>1,168,411</b>
<b>Expenditure</b>					
<i>Costs of raising funds</i>					
Commercial trading operations		607,512	-	607,512	523,198
<i>Expenditure on charitable activities:</i>					
Academic and housing activities	6	638,540	-	638,540	644,174
<b>Total expenditure</b>		<b>1,246,052</b>	<b>-</b>	<b>1,246,052</b>	<b>1,167,372</b>
<b>Net income/(expenditure) before tax and net movement in funds for the year</b>	9	<b>44,018</b>	<b>-</b>	<b>44,018</b>	<b>1,039</b>
Tax expense	11	-	-	-	(5,852)
Net income/(expenditure)		44,018	-	44,018	(4,813)
<b>Reconciliation of funds</b>					
Total funds brought forward		74,039	700,000	774,039	778,852
<b>Total funds carried forward</b>		<b>118,057</b>	<b>700,000</b>	<b>818,057</b>	<b>774,039</b>