

Luther King House Educational Trust

(A company limited by guarantee)

Report and Financial Statements

31 August 2025

Charity number: 1082375

Company number: 04065581

LUTHER KING HOUSE EDUCATIONAL TRUST

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

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LUTHER KING HOUSE EDUCATIONAL TRUST

DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2025

Luther King House Educational Trust

Report of the trustees for the year ending 31 August 2025

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 2025.

Chair's report

This has been another momentous year for the Luther King House Educational Trust, in which it has been a pleasure to Chair the Shadow Board and now the Transitional Board.

The decision was taken by ourselves and our principal stakeholders, Northern College (URC) and Northern Baptist College, to amalgamate, and this coming together has been a core focus during the year. The initial intention of creating a new single organisation into which the educational programme, assets, staff, reserves and facilities would transfer has now been superseded by a more effective and efficient approach. The entity currently known as Luther King House Educational Trust will become the vehicle by which the new organisation moves forward, under a clear identity as 'Luther King'.

The initial target date by which the amalgamation was to have been completed and fully functional was 1st September 2025. From the educational perspective of the project, this date has been achieved, with educational pathways clearly defined and students commencing and continuing their journey together under the single identity of Luther King Theological College.

Slightly disappointingly, from a governance perspective, the very challenging 1st September deadline proved unachievable. However, following immense pieces of work by both the internal teams and stakeholders' legal teams, new organisational documents have been drawn together to reflect the wishes and objectives of all stakeholders. These have been agreed internally, and the process of obtaining Charity Commission approval has been successfully completed. With this in mind, it has been agreed by all stakeholders that the amalgamation project will be completed by the 28th February 2026, Luther King formally being recognised from 1st March 2026.

During the year the 'Shadow Board', made up of representatives from the three main constituent parties with an independent Chair, oversaw the progress of the amalgamation project. They provided guidance and support to our staff, and the staff of other participant Colleges, as a communication channel between each of the governing bodies and the Shadow Board. The Shadow Board received regular, detailed progress updates from the team which were then shared with individual governing bodies.

Following the positive decision to use the entity known as Luther King House Educational Trust as the vehicle through which to achieve the amalgamation, the majority of the members and directors of this trust board agreed to formally resign. Their responsibilities were passed to the Shadow Board, which was established as the Transitional Board for the organisation. With the exception of Helen Mason and Erica Dunmow, who agreed to join the Transitional Board, all board members / directors resigned on 8th October 2025. It would be remiss to not thank all the outgoing board members at this point for their years of service and support to the organisation through some globally exceptional times; through the challenges of delivering successful theological education in a rapidly changing market; and through the decisions to commence this amalgamation journey.

The amalgamation project has provided an opportunity to review the estates portfolio of all the stakeholders; the major asset in the portfolio being the Brighton Grove site. With the support of all the stakeholder boards, work has commenced with architects and designers to develop an estates master plan, which will see a major redevelopment and modernisation project delivered across the whole Brighton Grove site. The project will look to enhance the environmental and accessibility credentials

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of the organisation and at the same time improve the learner, conference centre user and guest experience.

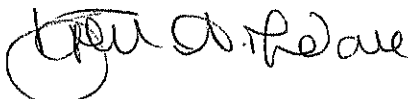
Throughout this period of great change we have continued to meet our core educational objectives: delivering high quality educational study programmes. We have also planned, delivered, and reviewed the delivery models and method during this period, identifying and developing clearer study pathways, which will form part of the long-term educational portfolio and development plan.

The summer of 2025 saw the unfortunate closure of Spurgeon's College, leaving a number of students in the unfortunate position of being part way through studies, but without a college at which to study. Thanks to the commitment and support of our academic staff, we have been able to support some students through these difficult times and in a number of cases enrol them on to Luther King study programmes.

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 and 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.

The longstanding Luther King House Educational Trust Board has continued to be vigilant in overseeing all the activities of the Luther King House Educational Trust. We congratulate 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. These responsibilities have now passed in full to the Transitional Luther King House Educational Trust Board. It is 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.



Karen A Martindale

Chair

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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.

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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 socioeconomically disadvantaged 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. The 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.

In the academic year 2024 – 25 48% of students registered on academic programmes left with academic awards. A further 41% of students registered on academic programmes successfully

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achieved progression requirements and continued on their academic programmes in the academic year 2025 – 26.

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

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 2024-25, together with indicators of how these have been met:

| Objective | Indicators of Achievement |
|--|---|
| Academic courses review | A complete mapping exercise has been undertaken of all modules, along with a full consultation exercise with all denominational partners. New pathways have been constructed in line with university accreditation and denominational formation criteria and are ready for implementation in the 25/26 academic year. |
| Develop use of technology to enhance teaching quality and broaden student reach | A successful grant funding bid has enabled us to install modern interactive panels in 4 teaching rooms, enabling high quality hybrid teaching and learning, opening our courses to those learning remotely as well as onsite. Several sessions of staff training took place to ensure secure roll out. |
| Implementation phase of planned merger project into a single institution | Work throughout the 24/25 year has streamlined the way we operate in many areas across the three existing organisations, such that we stand ready to implement a 'soft' merger from September 25 in terms of how we operate as a single organisation for student facing operations. The final legal, financial and governance steps should be completed during the first half of the following academic year. |

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, whilst fully engaging and supporting the amalgamation process.

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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. 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.

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

| | |
|------------|-----------|
| Charity | (£45,819) |
| Subsidiary | £nil |

Resulting in an overall loss before tax of (£45,819)

The bank balance at the end of the year was £70,838.

Reserves policy and going concern.

The total level of reserves at year-end amounted to £620,322 (2024 - £66,141). 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 (2024 £nil). 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.

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.

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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. 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 and interest instalments.
- 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, historically, we have shown that we have a strong presence in this field.
- We regularly review staffing to deliver the most cost-effective model.
- We have implemented an automated room pricing system that checks the local market in order to match supply and demand, maximising potential revenue.
- The opening of the Co-Op Live arena offers the potential for increased revenue through increased bookings.

Plans for future years

The trustees of Luther King House Educational Trust have continued to work with the counterparts at Northern Baptist College and Northern College to ensure the longevity of all three organisations. The decision was made on the 4th July 2024 to transfer the Trust and all staff to a new entity on 1st September 2025. All assets, liabilities and operations would transfer to the new entity for nil consideration. From the date of transfer, Luther King Educational Trust would cease operating. However, following consultation with legal representatives across all three organisations it has been agreed that a better course of action is for the three organisations to merge together into the legal entity known as Luther King House Educational Trust. The timeline for this final coming together has

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been agreed to now be 1st March 2026, the new organisation being known as Luther King. At a Trust Board meeting of Luther King House Educational Trust on 8th October 2025, trustees approved their own replacement by the Shadow Board of the merged organisation. Luther King House Educational Trust has taken the opportunity to update their memorandum and articles of association, along with the objectives of the trust. These have been approved by each board and shared with the Charity Commission. Formal approval from the Charity Commission has been granted.

As part of the amalgamation project the trust have agreed to work with architects and designers to develop an estates master plan, which will see a major redevelopment and modernisation project be delivered across the whole Brighton Grove site. The project will look to enhance the environmental credentials of the organisation and at the same time improve the student, conferencing user, and guest experience.

Investments into the classroom facilities have commenced with implementation of hybrid-style classrooms, including the introduction of interactive panels. This has increased opportunities for conferences and classes to take place in a hybrid manner.

As part of the long term sustainability of the merged business a five year business plan has been developed. This plan has been developed and shared with all colleagues across the merged business. With team work, shared ideas and the commitment of all this plan will deliver a successful, profitable and sustainable business, meeting the objectives of the organisation.

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.

Reference and administrative details

Charity number: 1082375
Company number: 04065581

Registered Office:

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

Secretary:

Mr David T Rudman

Our advisers:

Auditors

Crowe UK LLP, 3rd 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

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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 | (resigned 8 th October 2025) |
| The Revd Dr Clara N Rushbrook (F) | (resigned 8 th October 2025) |
| The Revd Dr Simon J Oxley (F) | (resigned 8 th October 2025) |
| Dr Jacqueline Suthren Hirst | (resigned 8 th October 2025) |
| Ms. Erica M Dunmow | |
| The Revd Jenny Mills (F) | (resigned 8 th October 2025) |
| Bishop Theo Oluwasegun Akano | (resigned 8 th October 2025) |
| The Revd Dr Adam J Scott (F) | (resigned 8 th October 2025) |
| Mrs. Helen Mason (F) | |
| The Revd Graham M Edwards (F) | (resigned 8 th October 2025) |
| Ms. Karen Martindale | (appointed 8 th October 2025) |
| The Revd Neil Brighton | (appointed 8 th October 2025) |
| Mrs. Lesley Coote | (appointed 8 th October 2025) |
| The Revd Nicola Furley-Smith | (appointed 8 th October 2025) |
| The Revd John Grundy | (appointed 8 th October 2025) |
| The Revd Romilly Janes | (appointed 8 th October 2025) |

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

Key management personnel

| | |
|---------------------------------------|-----------------------------|
| President and Chief Executive Officer | The Revd Canon Dr Kim Wasey |
| Company Secretary | Mr. David Rudman |
| Finance Manager: | Mr. David Rudman |
| Operations Manager | Miss Beverley Bartram |
| Academic Registrar | Miss Clare Richardson |
| Librarian | Mrs. Katie Glover |

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.

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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 there were no changes to the membership of the board.

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.

There are two academic committees to manage the academic programmes (Undergraduate and Postgraduate Management Committee and the Research Programme Committee), 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.

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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 out 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 2025. 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 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:

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- 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. Work is currently underway on a 5-year business plan. 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. Over the last twelve months all existing programmes have been reviewed and revised to this end. Additional programmes, representing new diversification, have been developed to respond to new denominational needs.
 - Volatile energy market
The Trust agreed extensions to utility contracts. The gas contract was extended for 12 months until March 2026 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. A plan for the renovation of facilities has been developed over the last 12 months and approved by the Board.
 - Failure to engage with and commit to the merger process.
The trust board has been fully committed to the merger process, providing members with regular reports and updates, in addition to appointing board representatives to the shadow board of the new organisation. The trust has also appointed key members of staff to undertake merger specific roles.
 - Failure to adequately maintain and improve the property.
Regular maintenance and improvement works are budgeted for and carried out. The property is regularly inspected, and necessary work is carefully prioritised. In addition to this the trust board, along with the shadow board and constituent College boards have engaged with the detailed review of the site facilities, providing funds for the capital investments to sustain and enhance the property

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 Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition).
 - Make judgments and estimates that are reasonable and prudent.
-

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- 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.

Statement as to disclosure to our auditors

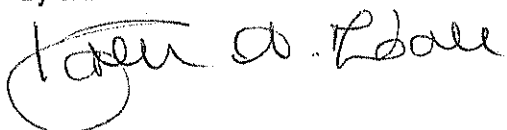
In so far as the trustees are aware at the time of approving our trustees' annual report:

- 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



Karen A Martindale
Director

28th January 2026

LUTHER KING HOUSE EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 AUGUST 2025

Opinion

We have audited the consolidated financial statements of Luther King House Educational Trust for the year ended 31 August 2025 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) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 Edition).

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 2025 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have no identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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.

Opinion on other matters prescribed by the OfS accounts direction (issued October 2019)

In our opinion, in all material respects:

- Funds from whatever source administered by the parent institute for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and any other terms and conditions attached to them; and
- The requirements of the OfS's accounts direction (issued October 2019) have been met.

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.

LUTHER KING HOUSE EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 AUGUST 2024

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14 to 15, 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.

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.

LUTHER KING HOUSE EDUCATIONAL TRUST

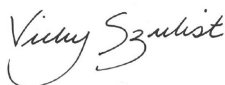
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 AUGUST 2024

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

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
3rd Floor
St George's House
56 Peter Street
Manchester
M2 3NQ

30th January 2026

LUTHER KING HOUSE EDUCATIONAL TRUST

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

YEAR ENDED 31 AUGUST 2025

| | | Unrestricted | Restricted | Total Funds | Total Funds |
|---|------|------------------|----------------|------------------|------------------|
| | Note | Funds | Funds | 2025 | 2024 |
| | | £ | £ | £ | £ |
| Income: | | | | | |
| <i>Income from charitable activities:</i> | | | | | |
| Academic and housing activities | 3 | 565,068 | | 565,068 | 331,235 |
| <i>Income from other trading activities:</i> | | | | | |
| Commercial trading operations | 4 | 943,169 | | 943,169 | 950,458 |
| Investment income | 5 | 379 | | 379 | 633 |
| Total income | | 1,508,616 | | 1,508,616 | 1,282,326 |
| Expenditure | | | | | |
| <i>Costs of raising funds</i> | | | | | |
| Commercial trading operations | | 684,829 | | 684,829 | 667,027 |
| <i>Expenditure on charitable activities:</i> | | | | | |
| Academic and housing activities | 6 | 869,606 | | 869,606 | 767,215 |
| Total expenditure | | 1,554,435 | | 1,554,435 | 1,434,242 |
| Net income/(expenditure) before tax and net movement in funds for the year | 9 | (45,819) | | (45,819) | (151,916) |
| Tax expense | 11 | - | | - | - |
| Net income/(expenditure) | | (45,819) | | (45,819) | (151,916) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | (33,859) | 700,000 | 666,141 | 818,057 |
| Total funds carried forward | | (79,678) | 700,000 | 620,322 | 666,141 |

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 £45,819.

LUTHER KING HOUSE EDUCATIONAL TRUST

STATEMENT OF CHANGES IN RESERVES

YEAR ENDED 31 AUGUST 2025

| | Unrestricted | Restricted | Total Funds |
|--|-----------------|----------------|----------------|
| | Funds | Funds | 2025 |
| Income: | £ | £ | £ |
| Balance at 1 September 2021 | 78,852 | 700,000 | 778,852 |
| 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) |
| Balance at 31 August 2022 | 74,039 | 700,000 | 774,039 |
| 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 |
| Balance at 31 August 2023 | 118,057 | 700,000 | 818,057 |
| 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) |
| Balance at 31 August 2024 | (33,859) | 700,000 | 666,141 |
| Net Income for the year ended 31 August 2025 | (45,819) | - | (45,819) |
| Other comprehensive income/(expense) | - | - | - |
| Total comprehensive income/(expense) for the year ended 31 August 2025 | (45,819) | - | (45,819) |
| Balance at 31 August 2025 | (79,678) | 700,000 | 620,322 |

LUTHER KING HOUSE EDUCATIONAL TRUST

GROUP AND CHARITY BALANCE SHEETS

Company No; 04065581

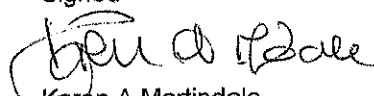
YEAR ENDED 31 AUGUST 2025

| | | Group | | Charity | |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 2025 £ | 2024 £ | 2025 £ | 2024 £ |
| Non-current assets | | | | | |
| Deferred Tax asset | 11 | - | - | - | - |
| Tangible assets | 12 | 1,265,522 | 1,257,853 | 1,265,522 | 1,257,853 |
| Total Non-current Assets | | 1,265,522 | 1,257,853 | 1,265,522 | 1,257,853 |
| Current assets | | | | | |
| Stock | 13 | 1,608 | 1,494 | - | - |
| Debtors | 14 | 36,135 | 46,815 | 97,972 | 159,402 |
| Cash at bank and in hand | | 70,838 | 145,868 | 16,709 | 29,748 |
| Total Current Assets | | 108,581 | 194,177 | 114,681 | 189,151 |
| Liabilities | | | | | |
| Creditors falling due within one year | 15 | (176,281) | (208,390) | (182,753) | (203,734) |
| Net Current assets | | (67,700) | (14,213) | (68,072) | (14,583) |
| Total assets less current liabilities | | 1,197,822 | 1,243,641 | 1,197,450 | 1,243,270 |
| Creditors falling due after more than 1 year | 16 | (577,500) | (577,500) | (577,500) | (577,500) |
| Net assets | | 620,322 | 666,141 | 619,950 | 665,770 |
| The funds of the charity: | | | | | |
| Unrestricted income funds | 19 | (79,678) | (33,859) | (80,050) | (34,230) |
| Restricted income funds | 19 | 700,000 | 700,000 | 700,000 | 700,000 |
| Total charity funds | | 620,322 | 666,141 | 619,950 | 665,770 |

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


Karen A Martindale
Trustee


The Revd Neil Brighton
Trustee

Approved by the trustees on 28th January 2026

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

LUTHER KING HOUSE EDUCATIONAL TRUST

CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2025

| | | Group | |
|---|-----------|-----------------|------------------|
| | Note | 2025 £ | 2024 £ |
| Cash generated in operating activities | 23 | (25,040) | (93,379) |
| Cash flows from investing activities | | | |
| Interest income | | 379 | 633 |
| Purchase of tangible fixed assets | | (50,370) | (24,260) |
| Cash provided by (used in) investing activities | | (49,991) | (23,627) |
| Cash flows from financing activities | | | |
| Repayment of borrowing | | - | - |
| Interest paid | | - | (28,351) |
| Loan taken out in the year | | - | - |
| Cash used in financing activities | | - | (28,351) |
| (Decrease) increase in cash and cash Equivalents in the year | | (75,031) | (145,357) |
| Cash and cash equivalents at the beginning of the year | | 145,868 | 291,225 |
| Total cash and cash equivalents at the end of the year | | 70,838 | 145,868 |

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 2025

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.

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 Education) and in accordance with applicable accounting standards.

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 going concern basis

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

The board of trustees and the finance committee receive and review future cashflows, management accounts, budgets, and forecast projections, as well as the steps taken to protect the Trust's liquidity on a regular basis. These are prepared in a prudent manner and forecast beyond the end of the current financial year, covering a minimum period of 12 months from the date of approval of these financial statements (the going concern period). The forecasts take into consideration the current economic environment, projected student applications / enrolments and the risks associated with these.

The Finance Committee and trust board review these and, combined with the letters of support from the main stakeholder Colleges and conclude that the trust will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

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

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 |
|-------------------------------|-------------------|

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

| | |
|-----------------------------------|-------------------|
| Furniture, fixtures, and fittings | 20% straight line |
| 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 2025

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.

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

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 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

| | 2025 £ | 2024 £ |
|----------------------------------|----------------|----------------|
| House income | | |
| Rent | 24,005 | 24,330 |
| Sundry income | 152,300 | 22,282 |
| | <u>176,305</u> | <u>46,612</u> |
| Academic activities | | |
| College fees | 255,804 | 199,861 |
| College block charges | 121,500 | 71,500 |
| Sundry income (including grants) | 11,459 | 13,262 |
| | <u>388,763</u> | <u>284,623</u> |
| Total | <u>565,068</u> | <u>331,235</u> |

3a Disclosure on Grant and Fee income

| | 2025 £ | 2024 £ |
|--|----------------|----------------|
| Grant income | | |
| Grant income from OfS | 5,754 | 6,566 |
| Grant income from other Bodies | - | - |
| Total Grant income | <u>5,754</u> | <u>6,566</u> |
| Fee income | | |
| Fee income from taught awards | 228,118 | 170,997 |
| Fee income from research awards | 11,084 | 9,694 |
| Fee income from non-qualifying courses | 16,602 | 19,170 |
| Total fee income | <u>255,804</u> | <u>199,861</u> |

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

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 2025

| | 2025 £ | 2024 £ |
|--|-----------|-----------|
| Turnover | 943,169 | 950,458 |
| Investment income | 268 | 513 |
| Cost of sales and administrative expenses Including internal rent of £180,000 | (864,828) | (847,027) |
| Profit (Loss) before tax | 78,609 | 103,944 |
| Tax expense | - | - |
| Profit (loss) for the year | 78,609 | 103,944 |
| Amount gifted to the Charity | 78,609 | 103,944 |
| Retained in the subsidiary | - | - |

Balance Sheet at 31 August 2025

| | | |
|---|-----------|-----------|
| Non-Current assets | - | - |
| Current assets | 124,388 | 215,410 |
| Creditors (amounts falling due within one year) | (124,017) | (215,039) |
| Total net assets (liabilities) | 371 | 371 |
| Aggregate reserves | 371 | 371 |

| 5 Investment income | Unrestricted Funds | Total funds 2025 | Total funds 2024 |
|--------------------------|-----------------------|------------------------|---------------------|
| | £ | £ | £ |
| Bank interest receivable | 379 | 379 | 633 |

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

| 6 | Analysis of expenditure of charitable activities | 2025 | 2024 |
|----------|---|----------------|----------------|
| | | £ | £ |
| | Academic and house activities | | |
| | Staff costs | 351,118 | 302,009 |
| | Teaching fees | 5,860 | 5,020 |
| | University registration | 13,351 | 15,245 |
| | Bursaries | 299 | 560 |
| | Books and periodicals | 6,490 | 6,120 |
| | Bad debts | (119) | (920) |
| | Rates and water | 30,388 | 32,910 |
| | Light and heat | 89,507 | 110,927 |
| | Cleaning | 113,177 | 1,650 |
| | Insurance | 9,962 | 8,260 |
| | Repairs and maintenance | 17,850 | 34,263 |
| | Telephone | 417 | 417 |
| | Office supplies and postage | 12,574 | 9,830 |
| | Photocopying rental | 558 | 744 |
| | Photocopying charges | 1,619 | 1,434 |
| | Travel | 1,568 | 1,475 |
| | Meetings & sundry xps | 68,510 | 61,813 |
| | Depreciation of fixed assets | 42,700 | 41,676 |
| | Support costs (see note 7) | 88,205 | 100,405 |
| | Governance costs (see note 8) | 15,572 | 33,377 |
| | Total academic and house activities costs | 869,606 | 767,215 |

| 7. | Support costs | Unrestricted funds | Total funds 2025 | Total funds 2024 |
|-----------|----------------------------|---------------------------|-------------------------|-------------------------|
| | | £ | £ | £ |
| | Loan interest | - | - | 28,350 |
| | Bank charges | 2,095 | 2,095 | 1,847 |
| | Irrecoverable VAT | 16,686 | 16,686 | 10,684 |
| | President employment costs | 68,814 | 68,814 | 59,141 |
| | Finance general costs | 610 | 610 | 383 |
| | Total | 88,205 | 88,205 | 100,405 |

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

8. Governance costs

| | Unrestricted funds | Total funds 2025 | Total funds 2024 |
|-----------------------------|-----------------------|------------------------|------------------------|
| | £ | £ | £ |
| Audit fees | 10,655 | 10,655 | 11,635 |
| Professional fees | 4,619 | 4,619 | 20,071 |
| Trust meetings and expenses | 298 | 298 | 1,671 |
| Total | 15,572 | 15,572 | 33,377 |

9. Net income/(expenditure) for the year

| | Total funds 2025 | Total funds 2024 |
|-------------------------------|------------------------|------------------------|
| | £ | £ |
| This is stated after charging | | |
| Operating lease - photocopier | 558 | 744 |
| Staff pension contributions | 62,628 | 56,965 |
| Depreciation | 42,700 | 41,676 |
| Auditor's fees | 10,655 | 11,635 |
| Total | 116,541 | 111,020 |

10. Staff costs and emoluments

| | 2025 £ | 2024 £ |
|-----------------------------------|----------------|----------------|
| Total staff costs were as follows | | |
| Wages and salaries | 650,009 | 565,514 |
| Social security costs | 60,432 | 44,839 |
| Other pension costs | 62,628 | 56,965 |
| | 773,069 | 667,318 |

None of the Trust's employees received remuneration in excess of £60,000 in the year (2024: £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. During the year there was a period of time where there was overlap between Presidents, also during the year the role of Open College Principal was subsumed into the role of President. The total employee benefits of the key management personnel of the Trust were £183,375 (2024: £211,719).

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 LKHCS Ltd is the Operations Manager. Employee benefits in the role total £ 39,702 (2024: £38,046).

The employee benefits of key management personnel for the group was therefore £223,077 (2024: £249,765).

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

| | | 2025 | 2024 |
|----------------------|---------|--------|--------|
| | | £ | £ |
| Salary of President | Salary | 53,151 | 52,436 |
| Pension of President | Pension | 5,315 | 5,243 |
| Totals | | 58,466 | 57,679 |

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 (2024: nil) and were reimbursed expenses as follows:

| | 2025 | 2024 |
|-------------------------------|------|------|
| | £ | £ |
| Reimbursement of expenses | | |
| Keith Jones (travel expenses) | 135 | 195 |

Particulars of employees:

| | 2025 | | 2024 | |
|----------------------|----------|-------------|----------|-------------|
| | Academic | Admin/House | Academic | Admin/House |
| | No. | No. | No. | No. |
| Full time equivalent | 5 | 18 | 5 | 17 |
| Average | 6 | 25 | 5 | 23 |

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

11. Taxation

| In respect of the year | 2025 | 2024 |
|------------------------|------|------|
| | £ | £ |

Taxation based on for the year at 20% (2024 20%):

- -

In the current year the trading subsidiary made a profit (loss) before tax of £78,980 (2024: £103,944)

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

12. Tangible fixed assets

| Group and charity | Office and Computer Equipment £ | Fixtures Fittings Plant & Equipment £ | Building Improvements £ | Land and Long Leasehold Property £ | Total £ |
|--------------------------|--|--|--|---|--------------------|
| Cost | | | | | |
| At 1 September 2024 | 177,766 | 296,755 | 1,340,660 | 700,000 | 2,515,180 |
| Additions | 5,832 | 18,657 | 25,881 | - | 50,370 |
| Disposals | - | - | - | - | - |
| At 31 August 2025 | 183,598 | 315,412 | 1,366,541 | 700,000 | 2,565,550 |
| Depreciation | | | | | |
| At 1 September 2024 | 166,608 | 291,321 | 799,399 | - | 1,257,328 |
| Charge for the year | 5,693 | 3,992 | 33,015 | - | 42,700 |
| On disposals | - | - | - | - | - |
| At 31 August 2025 | 172,301 | 295,313 | 832,414 | - | 1,300,028 |
| Net Book Value | | | | | |
| At 31 August 2025 | 11,297 | 20,099 | 534,127 | 700,000 | 1,265,522 |
| At 31 August 2024 | 11,159 | 5,434 | 541,260 | 700,000 | 1,257,853 |

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

13. Stock

| | Group | | Charity | |
|-------|-----------|-----------|-----------|-----------|
| | 2025 £ | 2024 £ | 2025 £ | 2024 £ |
| Stock | 1,608 | 1,494 | - | - |

14. Debtors

| | Group | | Charity | |
|-------------------------------|-----------|-----------|-----------|-----------|
| | 2025 £ | 2024 £ | 2025 £ | 2024 £ |
| Trade Debtors | 12,679 | 9,949 | 8,421 | 7,609 |
| Amounts owed by Subsidiary | - | - | 78,609 | 129,161 |
| Prepayments | 23,456 | 36,866 | 10,942 | 22,632 |
| | 36,135 | 46,815 | 97,972 | 159,402 |

Of the group trade debtors £ nil (2024: £nil) was due in over a year.

15. Creditors: Amounts falling due within a year

| | Group | | Charity | |
|---------------------------------|-----------|-----------|-----------|-----------|
| | 2025 £ | 2024 £ | 2025 £ | 2024 £ |
| Trade Creditors | 30,809 | 24,717 | 20,495 | 7,657 |
| PAYE & social security | 36,480 | 14,101 | 36,480 | 14,101 |
| VAT | 26,858 | 13,696 | 26,858 | 13,696 |
| Other creditors | 27,403 | 59,399 | 60,688 | 91,454 |
| Accruals and deferred Income | 54,731 | 96,477 | 38,232 | 76,826 |
| College loans | - | - | - | - |
| | 176,281 | 208,390 | 182,753 | 203,734 |

15a Deferred income movement.

| | Group | Charity |
|--------------------------------|----------|----------|
| Amount b/f 2024 | 38,105 | 31,496 |
| Resources released in the year | (38,105) | (31,496) |
| Resources deferred in the year | 22,465 | 16,482 |
| Amount c/f 2025 | 22,465 | 16,482 |

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2025

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

| | Group | | Charity | |
|------------------------------|---------|---------|---------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| | £ | £ | £ | £ |
| 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 (2024: £60,000) and £230,000 (2024: £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 (2024: £70,000) and £67,500 (2024: £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 (2024: £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 £nil (2024: £2,614).

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 (2024: £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 into bedrooms. The loans will be repaid as follows:

2026: £22,500 2027: £33,750

LUTHER KING HOUSE EDUCATIONAL TRUST

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YEAR ENDED 31 AUGUST 2025

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 (2024: £75,000) from Northern College. Interest is payable at 1% over base rate.

Total interest paid to Northern College was £nil (2024: £9,616)

£25,000 (2024: £25,000) from Northern Baptist College. Interest is payable at 1% over base rate.

Total interest paid to Northern Baptist College was £nil (2024: £16,121)

The College loans could be deemed concessionary loans.

At the time when the Trust and Constituent College's merge the balances outstanding will be resolved and extinguished at the time of merger.

17. Pensions

At the year end the outstanding pension commitment was £14,511 (2024: £4,309)

18. Commitments under operating leases

At 31 August 2025 the company had minimum lease payments of £nil.

| | Assets other than land And buildings | |
|--|---|------|
| | 2025 | 2024 |
| | £ | £ |
| Operating leases which will be paid: < 1 year | - | - |

19. Analysis of charitable funds

Analysis of movement in unrestricted funds

| | Balance 1 September 2024 | Incoming resources | Resources expended | Transfers | Funds 31 August 2025 |
|--------------|-----------------------------|-----------------------|-----------------------|-----------|-------------------------|
| | £ | £ | £ | £ | £ |
| General fund | (33,859) | 1,508,616 | (1,554,435) | - | (79,678) |
| Total | (33,859) | 1,508,616 | (1,554,435) | - | (79,678) |

(Prior Year)

| | 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) |
| Total | 118,057 | 1,282,326 | (1,434,242) | - | (33,859) |

| 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 2025

Analysis of movement in restricted fund

| | Balance 1 September 2024 | Incoming resources | Resources expended | Transfers | Funds 31 August 2025 |
|--------------|-----------------------------|-----------------------|-----------------------|-----------|-------------------------|
| | £ | £ | £ | £ | £ |
| Property | 700,000 | - | - | - | 700,000 |
| Total | 700,000 | - | - | - | 700,000 |

(Prior Year)

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

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 2025 |
|--|-----------------|--------------------|--------------------|----------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | 565,522 | - | 700,000 | 1,265,522 |
| Other non-current assets | - | - | - | - |
| Cash at bank and in hand | 70,838 | - | - | 70,838 |
| Other net current assets/(liabilities) | (138,538) | - | - | (138,538) |
| Creditors of more than one year | (577,500) | - | - | (577,500) |
| | (79,678) | - | 700,000 | 620,322 |

(Prior Year)

| | General Fund | Designated Fund | Restricted Fund | Total 2024 |
|--|-----------------|--------------------|--------------------|----------------|
| | £ | £ | £ | £ |
| 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) |
| | (33,859) | - | 700,000 | 666,141 |

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

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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 £91,607 (2024: £81,023) to Northern Baptist College and at year end was owed £6,527 (2024: £42) by the College. Total interest paid on loans was £nil (2024: £16,121).

The Trust made sales of £161,615 (2024: £163,791) to Northern College and at year end was owed £1,279 (2024: £nil) by the College. Total interest paid on loans was £nil (2024: £9,616).

The Trust made sales of £4,734 (2024: £13,204) to Unitarian College and at year end was owed £nil (2024: £318) by the College. Total interest paid on a loan was £nil (2024: £2,614).

22. Financial Instruments

Financial assets that are measured at amortised cost:

| | 2025 £ | 2024 £ |
|---------------|---------------|----------------|
| Trade debtors | 12,769 | 10,159 |
| Cash | 70,838 | 145,868 |
| | <u>83,607</u> | <u>156,027</u> |

Financial liabilities that are measured at amortised cost:

| | 2025 £ | 2024 £ |
|-----------------|----------------|----------------|
| Trade creditors | 30,809 | 24,717 |
| Other payables | 59,669 | 117,771 |
| Loans | 577,500 | 577,500 |
| | <u>667,978</u> | <u>719,988</u> |

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

| | 2025 £ | 2024 £ |
|--|-----------------|-----------------|
| Net incoming/(outgoing) resources | (45,819) | (151,916) |
| Depreciation | 42,700 | 41,676 |
| Investment income | (379) | (633) |
| Interest payable | - | 28,350 |
| (Increase)/Decrease in stock | (113) | 62 |
| Decrease/(Increase) in debtors | 10,680 | (9,322) |
| (Decrease)/Increase in creditors | (32,109) | (1,596) |
| Net cash outflow from operating activities | <u>(25,040)</u> | <u>(93,379)</u> |

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

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Reconciliation of net cash flow to movement in net debt

| | 2025 £ | 2024 £ |
|--|-----------|-----------|
| Increase/(Decrease) in cash in the year | (75,030) | (145,357) |
| Cash outflow from other loans | - | - |
| Change in net debt resulting from cash flows | (75,030) | (145,357) |
| Movement in net debt in the period | (75,030) | (145,357) |
| Net debt brought forward | (431,632) | (286,275) |
| Net debt carried forward | (506,662) | (431,632) |

24. Analysis of reconciliation of net debt

| | Brought Forward £ | Cash flow £ | Carried Forward £ |
|--------------------------|-------------------------|----------------|-------------------------|
| Net cash | | | |
| Cash at bank and in hand | 145,868 | (75,030) | 70,838 |
| Debt due after 1 year | (577,500) | - | (577,500) |
| Debt due within 1 year | - | - | - |
| Net debt | (431,632) | (75,030) | (506,662) |

25. Post Balance Sheet Event

The trustees of Luther King House Educational Trust have continued to work with the counterparts at Northern Baptist College and Northern College to ensure the longevity of all three organisations. The decision was made on the 4th July 2024 to transfer the Trust and all staff to a new entity on 1st September 2025. All assets, liabilities and operations would transfer to the new entity for nil consideration. From the date of transfer Luther King Educational Trust would cease operating. However, following consultation with legal representatives across all three organisations, it has been agreed that a better course of action is for the three organisations to merge together into the legal entity known as Luther King House Educational Trust. The timeline for this final coming together has been agreed to now be 1st March 2026, the new organisation being known as Luther King. Updated objectives, along with memorandum of association and articles of association have been lodged with the Charity Commission and approval of these amendments has been granted. At a trust board meeting of Luther King House Educational Trust on 8th October 2025, the trustees approved their own replacement by the Shadow Board of the merged organisation. This saw the resignation of eight trustee directors, two remaining in place and the appointment of four representative members and an independent chair.

LUTHER KING HOUSE EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

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26. Prior Year Consolidated Statement of Financial Activities

| | | Unrestricted | Restricted | Total Funds | Total Funds |
|---|------|------------------|----------------|------------------|------------------|
| | Note | Funds | Funds | 2024 | 2023 |
| | | £ | £ | £ | £ |
| Income: | | | | | |
| <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 |
| Total income | | 1,282,326 | - | 1,282,326 | 1,290,070 |
| Expenditure | | | | | |
| <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 |
| Total expenditure | | 1,434,242 | - | 1,434,242 | 1,246,052 |
| Net income/(expenditure) before tax and net movement in funds for the year | 9 | (151,916) | - | (151,916) | 44,018 |
| Tax expense | 11 | - | - | - | - |
| Net income/(expenditure) | | (151,916) | - | (151,916) | 44,018 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 118,057 | 700,000 | 818,057 | 774,039 |
| Total funds carried forward | | (33,859) | 700,000 | 666,141 | 818,057 |