

Leo Baeck College

Trustees Report

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for the year ended 30 September 2006

Legal and Administrative Information

Company Number 626693
Charity Number 209777

Board of Governors

Voting Governors, Trustees and Directors

Professor Graham Zellick	Chairman, appointed 3 May 2005 Resigned 23 May 2006
Miriam Kramer	Chairman, appointed 1 January 2007
Dr Henry Cohn	Vice-Chairman, appointed 1 August 2005
Robert Graham	Honorary Treasurer, appointed 24 October 2001
Dr Shelley Heard	Additional Honorary Officer, appointed 1 May 2002
David Leibling	Honorary Secretary, appointed 25 May 1995
Alasdair Nisbet	Chairman, Development Board appointed 21 October 2003
Michael Grabiner	Chairman, Movement for Reform Judaism Appointed 1 August 2005
Nigel Cole	Chairman, Liberal Judaism appointed 7 February 2005
Rabbi Jeffrey Newman	Nominee of Assembly of Rabbis appointed 1 February 2002
Rabbi Stephen Howard	Nominee of Rabbinic Conference appointed 16 May 2005

Non-Voting Governors

Rabbi Professor Marc Saperstein	Principal, appointed 10 July 2006
Rabbi Dr Michael Shire	Vice Principal, appointed 23 October 2001
Stephen Ross	Director of Finance and Administration, appointed Company Secretary 23 October 2001
Dr Helena Miller	Director of Department of Education and Professional Development. Co-opted 1 August 2005
Rabbi Dr Tony Bayfield	Movement for Reform Judaism, Head and Chief Executive appointed 23 October 2001
Rabbi Danny Rich	Liberal Judaism Chief Executive appointed 7 February 2005
Rabbi Dr Charles Middleburgh	Nominee of Academic Board appointed 23 October 2003 resigned 22 May 2006
Dr Moshe Lavee	Nominee of Academic Board appointed 6 November 2006
Richard Jacobi	Nominee of Students' Society appointed 1 September 2005, resigned 31 August 2006
Debbie Young-Somers	Nominee of Students' Society appointed 1 September 2006
James Libson	Nominee of UJIA co-opted 1 August 2005

Management

Senior Management Team

Principal	Rabbi Professor Marc Saperstein
Vice Principal	Rabbi Dr Michael Shire
Director of Finance and Administration	Stephen Ross
Director of Department of Education and Professional Development	Dr Helena Miller

Senior staff

Librarian
Head of Administration
Head of Student Services

Dr César Merchán Hamann, resigned 31 January 2007
Rhona Lesner
Irit Burkeman

Registered Office and Operational Address

Sternberg Centre for Judaism
80 East End Road,
London N3 2SY
Telephone: 020 8349 5600
Facsimile: 020 8349 5619
Email: info@lbc.ac.uk
Website: www.lbc.ac.uk

Company Secretary

Stephen Ross

Auditors

Nyman Libson Paul
Regina House
124 Finchley Road
London NW3 5JS

Principal Investment Advisors

ABN-AMRO Bank M.V.
82 Bishopsgate
London EC2N 4BN

Solicitors

Osmond Gaunt & Rose
Winston House
49 Regents Park Road
London N3 1DH

Principal Bankers

National Westminster Bank
48 Ballards Lane
London N3 2QZ

Report of the Board of Governors

Nature of governing documents

Leo Baeck College is a charitable company limited by guarantee. The trustees and directors are the voting members of the Board of Governors named on page 2. The original memorandum and articles were dated 24 April 1959, and amended by special resolutions dated 29 November 1990, 11 May 1992, 28 June 1993, April 1997, 23 October 2001, 3 May 2005 and 23 May 2006.

In 2001 the Leo Baeck College assumed the activities previously carried on by the Centre for Jewish Education and a new Board of Governors was appointed.

The Memorandum and Articles of Association allow the charity to undertake any activity covered by its objects with no specific restrictions and limit the liability of the Members in the event of the company being wound up to a sum not exceeding £1 each.

Governance and Organisation

The directors of the company who are also the Trustees of the Charity have overall responsibility for its management and control, although this is effectively delegated to the Board of Governors, which include trustees and various other individuals. The work of implementing the policies is carried out by the Board of Governors in conjunction with the charity's officials.

Rabbi Professor Marc Saperstein was appointed as Principal in July 2006. The Principal is the senior academic and administrative officer of the College and is supported in his role by the Senior Management Team. He regularly reports to the Honorary Officers and Board of Governors.

Trustee Governors serve for a period of three years and those retiring by rotation may be eligible for re-election. The Governors are required to meet no less than three times per year.

Whilst some governors are appointed ex officio, the Honorary Officers are appointed on the basis of their standing, experience and skills to provide a balanced Board with the ability to govern effectively.

Trustees are recruited through networks in the communities the College serves by identifying any skill shortage created by the departing trustee and targeting suitably qualified individuals to approach. Induction is provided to new trustees by the Company Secretary who supplies a pack comprising the governing documents, financial information, organisational charts, recent minutes etc and follows up with a tour of the campus and introduction to key staff, students and faculty members.

Training for trustees takes place at least once a year usually in the form of a development session to examine an area of College activity or more generally to review future strategy. These sessions are typically facilitated by an external consultant.

The Company Secretary distributes occasional briefings from the Charity Commission and elsewhere to the Board and where relevant, selectively to particular Honorary Officers.

Auditors

Messrs Nyman Libson Paul were re-appointed auditors at the Annual General Meeting.

Activities and achievements

The objects of the College are the promotion and furtherance of Jewish religious and educational instruction and fostering and advancing the study of Judaism and of Jewish education, history, art, literature, music and way of life in all its aspects, both religious and secular.

The College seeks to bring about this objective by pursuing its mission as follows:

- To train rabbis and teachers for Jewish congregations, communities and schools
- To promote the study of Judaism in a spirit of reverence for Jewish tradition combined with scholarly enquiry and academic freedom
- To raise the level of Jewish knowledge and instil the love of learning in the Jewish community
- To stimulate Progressive Jewish thought, vision and values
- To advance mutual understanding and respect within the Jewish people and amongst the religions, cultures and peoples of the world

The main goals for the year included the appointment of a new Principal and new Chairman. A Principal Search Committee was formed under the Chairmanship of Professor Graham Zellick which resulted in the successful appointment of Rabbi Professor Marc Saperstein in July 2006. David Leibling, Honorary Secretary and Robert Graham, Honorary Treasurer took on the additional role of joint Chairmen until Miriam Kramer was appointed as Chairman in January 2007.

A series of events to celebrate the 50th Anniversary of the College were planned to take place through the year and included an International Rabbinic Conference and Gala fundraising dinner.

Existing academic programmes were to be developed and improved and the process was agreed for preparing the 2007-2012 strategic plan.

The activities used to achieve these goals and objectives included ordaining a new class of rabbis, training teachers for communities and recruiting students for the new academic year.

Work was carried out in the communities by supporting religion schools, day schools and offering public lectures. A professional development programme was designed for communal professional

staff as part of a new qualification. In addition, a range of informal educational opportunities was made available.

Academic standards were maintained and improved through oversight by College course team committees, the Academic Board and our validating bodies: the Open University and London Metropolitan University. There is also regular interaction with our external reviewer, Dr Daniel Rynhold of Kings College London and observation of classes by the Principal.

The establishment of a new monthly programme enables members of the teaching staff to present current research for feedback and critique by colleagues and the teaching staff are encouraged to participate actively in academic conferences on local, national, and international level.

There were significant additions to the Library collection, among them a unique collection of the papers of Rabbi John Rayner z"l, the leading British Liberal rabbi of the past half century, including more than 1000 of his unpublished sermons.

Joint Jewish-Christian-Muslim activities were planned by the new Interfaith Committee.

The events for the 50th anniversary were overseen by the 50th Anniversary Committee and an events coordinator. Academically, the highlight was the International Rabbinic Conference with over 130 delegates attending.

Programmes were reviewed leading to curriculum development and changes.

The process was initiated for stakeholder consultation and formulation of the strategic plan.

Plans for 2007 include a review of the year in Israel in the Rabbinic programme and review of academic accreditation. A search committee has been formed to recruit and appoint a new librarian.

Development work continues to establish the first cross-communal Jewish day school.

Resource requirements are to be reviewed to support fundraising and development activity particularly in the light of the work required once negotiations have been concluded for College facilities in the re-developed Sternberg Centre site.

The 2007-2012 strategic plan is to be agreed and implemented.

Results of the year

The Trustees have adopted the provisions of the SORP "Accounting and Reporting by Charities" in preparing the annual review and the financial statements of the charity which comply with current statutory requirements and the charity's governing document.

The net outgoing resources were £(50,794) (2005 (£190,609)) of which £77,391 was used for restricted projects, (2005, (£4,267)).

Investment Policy

The College's investment manager is ABN AMRO. The Treasurer's Review on page 7 deals with the performance of the portfolio.

ABN-AMRO manage a UK portfolio on behalf of the Board of Governors on a discretionary basis in accordance with the investment policy that the portfolio should be divided approximately 70%:30% between equities and bonds with a view to maximising long-term returns taking a low risk approach.

The Finance and Investment Committee comprises five members and is chaired by the Honorary Treasurer of the Board of Governors. It formulates and monitors the investment strategy and appoints fund managers to implement their recommendations. It meets six times a year.

Restricted funds

Restricted and endowment funds totalled £535,324 at year end (2005, £447,903).

Although no formal legal restrictions are understood to have been placed on the funds now classified as general, a number of the fund donors or their relatives had previously entered into discussion with the College as to the use of the monies. To respect the intentions of these donors, a number of the funds have been designated by the trustees for these purposes. The designated funds form part of the general funds but are separately identified in the notes to the accounts.

Reserves

The current level of general unrestricted reserves is £652,636. Of this, £594,103 is represented by long leasehold and freehold property and the remainder is held as working capital and cash. The trustees consider the reserves are adequate for the foreseeable future. However there is a budget deficit projected for the current year ended 30 September 2007.

Risk Management

The Board of Governors of the College is responsible for the management of the risks faced by the College. Detailed considerations of risk are delegated to the Finance and Investment Committee, assisted by the members of staff. Risks are identified and assessed as part of the management process and controls are established to manage the risks. A formal review of the College's risk management processes is undertaken each year.

The key controls used by the College are:

- Formal agendas and minutes for Board of Governors' meetings and academic and administrative meetings
- Detailed job descriptions for the management team and terms of reference for the academic and administrative committees
- Annual budgets and regular management accounts
- Formal written policies, including authority limits

Through the risk management processes established for the College, the members of Board of Governors, as Trustees, are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately identified and so mitigated.

Governance and internal control

Company and charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

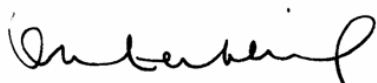
The trustees have overall responsibility for ensuring that the charity has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

- (a) So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The report was approved by the Board of Governors on 6 February 2007 and signed on its behalf by



David Leibling, Honorary Secretary

Treasurer's Review

I am pleased to present my Treasurer's Review for the year to 30 September 2006.

The College suffered a net operating deficit of £50,794 in the year to 30 September 2006 which represented a significant improvement as compared to the equivalent net deficit of £190,609 incurred in the previous year. After allowing for realised and unrealised gains and losses on investments, the overall reduction in the College's net funds during the year fell to £18,018, as compared to the decrease of £126,349 last year.

The College's income increased slightly by £34,539 (or 2%) during the year, from £1,586,156 to £1,620,695, mainly as a consequence of increases in bequests and income generated from the College's programmes, which has been sufficient to offset some reductions in the donations and grants received and tuition fee income.

Total expenditure actually fell during the year, from £1,776,765 to £1,671,489, mainly due to reduced tuition costs and the savings achieved in running the College's educational programmes.

The year was dominated by the College's 50th Anniversary celebrations that culminated in the successful Gala Dinner that took place in November. The dinner generated significant income for the College that will be reflected in due course in the College's accounts for the 2006/07 financial year.

The College realised a small profit of £2,024 on its investment portfolio, as compared to a profit of £4,118 in 2005. Unrealised gains totalled £30,752 as compared to the gain of £60,142 produced last year, reflecting the continued increases in Stock Market and investment values over the past year. The College continues to keep its investment strategy under review in conjunction with ABN-AMRO, the College's investment advisers.

In overall terms, the financial performance was satisfactory, in that a significant reduction of the deficit incurred in the previous year was achieved. The College continues to work towards the elimination of its operating deficit although this target will have to be pursued in a manner that still permits the College to secure the objectives set out in our Strategic Plan.

It is again appropriate to acknowledge the invaluable support provided by the Movement for Reform Judaism, Liberal Judaism and the UJIA in facilitating the continued development of the College. I would also wish to recognise the increasing value of the support that the College receives from its growing number of supporters and benefactors in the form of donations and bequests.

The College remains committed to expanding the range of courses and educational programmes offered, and this will only be possible if we can attract new and sustainable sources of funding. If the College is to realise the ambitious strategic objectives it has set out for itself, it will have to broaden its appeal to potential supporters throughout the Progressive Jewish Community.

In conclusion, I should like to thank Stephen Ross, the College's Director of Finance and Administration, and his team for all their hard work, and for the support and encouragement they have given to all the Honorary Officers over the past year.



Robert Graham
Hon Treasurer
5 February 2007

Leo Baeck College

Accounts

STATEMENT OF FINANCIAL ACTIVITIES

YEAR TO 30TH SEPTEMBER 2006

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Fund 2005/6	Total Fund 2004/5 as restated
		£	£	£	£	£
Income and Expenditure Account:						
<u>INCOMING RESOURCES</u>						
<u>Incoming resources from generated funds</u>						
<i>Voluntary income</i>						
Movement for Reform Judaism		384,901			384,901	381,392
Liberal Judaism		161,465			161,465	165,925
UJIA		115,000	25,000		140,000	147,500
Other donations and grants		43,672	183,635		227,307	285,257
Bequests		76,276			76,276	45,833
<i>Activities for generating funds</i>						
Income from patrons and friends		119,697			119,697	101,099
Investment income and interest	2	17,718	5,830	1,982	25,530	20,248
		<u>918,729</u>	<u>214,465</u>	<u>1,982</u>	<u>1,135,176</u>	<u>1,147,254</u>
<u>Incoming resources from charitable activities</u>						
Tuition fees		227,786			227,786	257,213
Student and other accommodation fees		45,136			45,136	44,080
Income from programmes		177,465			177,465	106,567
Sundry sales income		35,132			35,132	31,042
Total Incoming Resources		1,404,248	214,465	1,982	1,620,695	1,586,156
<u>RESOURCES EXPENDED</u>						
<i>Cost of Generating Funds</i>						
Fundraising and publicity	3	67,850			67,850	72,123
Other Costs		18,546			18,546	19,714
Charitable Activities	4	1,411,576	139,021	35	1,550,632	1,648,296
Governance costs	5	34,461	-		34,461	36,631
Total resources expended		1,532,433	139,021	35	1,671,489	1,776,765
Net incoming/ (outgoing) resources		(128,185)	75,444	1,947	(50,794)	(190,609)
<i>Other recognised gains and losses</i>						
Realised gains on investments		1,144	462	418	2,024	4,118
Unrealised gains on investments		21,602	7,023	2,127	30,752	60,142
Net movement in funds		(105,439)	82,929	4,492	(18,018)	(126,349)
<u>RECONCILIATION OF FUNDS</u>						
Fund balances brought forward - at 1st October 2005		758,075	334,263	113,640	1,205,978	1,332,327
Fund balances carried forward at 30th September 2006		652,636	417,192	118,132	1,187,960	1,205,978

Balance Sheet

As at 30 September 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible fixed assets	7	594,103	608,477
Investments	8	556,468	654,147
		<u>1,150,571</u>	<u>1,262,624</u>
Current assets			
Debtors	9	180,151	190,240
Stock		5,000	5,000
Cash at bank and in hand		181,520	57,810
		<u>366,671</u>	<u>253,050</u>
Creditors			
Amounts falling due within one year	10	329,282	272,063
Net current assets		<u>37,389</u>	<u>(19,013)</u>
Total assets less current liabilities			
		<u>1,187,960</u>	<u>1,243,611</u>
Creditors			
Amounts falling due after more than one year	11	0	(37,633)
		<u>1,187,960</u>	<u>1,205,978</u>
Represented by:			
General funds	12	183,763	364,644
Designated funds	12	468,873	393,431
Total unrestricted funds		<u>652,636</u>	<u>758,075</u>
Restricted funds	12	417,192	334,263
Endowment funds	12	118,132	113,640
		<u>535,324</u>	<u>447,903</u>
		<u>1,187,960</u>	<u>1,205,978</u>

These accounts are prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small entities and the Financial Reporting Standards for Smaller Entities (January 2005).

These Financial Statements were approved by the Board of Governors (the Trustees of the Charity and the Directors of the Company) on 5th February 2007 and signed on their behalf by:



Robert Graham Honorary Treasurer

The notes on the following pages form part of these financial statements.

Notes to the accounts

1. Accounting Policies

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Companies Act 1985, the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued 2005 and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

b) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those funds which must be held permanently by the charity. Income arising on the endowment funds is used in accordance with the wishes of the donors.

Investments are treated on a pooled basis and are not allocated to individual funds. Therefore all investment income and capital gains or losses arising on the investments are apportioned between the endowment, restricted and general funds in proportion to the opening balance of those funds respectively. Investment management charges are included within the cost of generating funds.

c) Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

d) Resources expended

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

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Charitable Activities Costs represent the cost of running the four charitable activities and include the direct costs and an allocation of support costs.

Governance Costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

e) Tangible Fixed Assets

All assets costing more than £1,000 are capitalised and depreciated on a straight line basis as follows:

Freehold land and buildings	50 years
Long leasehold land and buildings	50 years
Office equipment	4 years
Computer equipment	3 years

f) Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

g) Stock

Stock comprises books for resale and is stated at the lower of cost and net realisable value.

h) Pensions

The company operates a defined contribution scheme for the benefit of its employees. The costs of contributions are written off against profits in the year they are payable. The pensions are held in separately administered funds with insurance companies

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA.

2. Investment Income

	2006	2005
	£	£
Interest on cash deposits	22,310	3,052
Dividends from investments	1,320	5,690
Interest from Bonds	1,900	11,506
Total	25,530	20,248

3. Fundraising and Publicity

	Unrestricted	Restricted & Endowment	Total	Total
	£	£	£	£
Staff costs	22,988	0	22,988	24,436
Publicity, advertising and rabbinic recruitment	40,495	0	40,495	43,045
Annual report	4,367	0	4,367	4,642
Total	67,850	-	67,850	72,123

4. Charitable Activities

	Unrestricted	Restricted & Endowment	Total	Total
	£	£	£	£
Tuition	759,394	43,579	802,973	853,548
Student Accommodation	17,979	5,088	23,067	24,520
Programmes, Jewish Lifelong Learning & interfaith	537,177	89,743	626,920	666,406
Library and Sundries	97,026	646	97,672	103,824
Total	1,411,576	139,056	1,550,632	1,648,296

Note - Charitable Activities include the following allocation of Support Costs

5. Support Costs	Tuition	Student Accommodation	Programmes	Library & Sundries	Governance Costs	Total 2006	Total 2005
Support Staff Costs	100,423	6,025	80,338	14,059		200,845	213,495
Training Costs	1,252	75	1,002	175		2,504	2,662
Rent	24,658	1,479	19,726	3,452		49,315	52,421
Insurance	798	48	638	112		1,596	1,697
Printing, postage, stationery	5,649	339	4,519	791		11,298	12,010
Telephone	1,148	69	918	160		2,295	2,440
Computer Costs	10,235	614	8,188	1,433		20,470	21,759
Travelling	691	41	552	97		1,381	1,468
Conference Costs	1,978	119	1,581	277		3,955	4,204
Catering costs	698	42	558	98		1,395	1,483
Depreciation	7,193	432	5,755	1,007		14,387	15,293
Accountancy, Legal & Audit Fees					34,461	34,461	36,631
Other Costs	13,659	820	10,927	1,912		27,319	29,040
	168,382	10,103	134,702	23,573	34,461	371,221	394,442

6. Analysis of Total Staff Costs

Staff Costs:

	2006	2005
	£	£
Wages and salaries including temporary staff and outside consultants	591,230	821,523
Social security costs	63,904	62,241
Pension costs	33,700	30,148
Total	688,834	913,912

The emoluments of higher paid employees fell within the following range:

	2006	2005
£90,000- £100,000	0	1
£70,000- £80,000	1	0
£60,000- £70,000	1	1
£50,000- £60,000	2	1

In addition pension contributions of £11,173, (£14,224) were made in respect of these employees

The full time equivalent average of employees, analysed by function was :

Academic	12	12
Administration and fund raising	6	5
Library	3	3
Totals:	21	20

Salaries include £31,825, (2005, £32,464) relating to outsource contractors who are not included in the average number of employees.

The Trustees did not receive any remuneration or reimbursement of expenses. The spouse of a Trustee was paid £6,900 as an employee.

7. Fixed Assets	Freehold land and buildings	Long Leasehold	Total 2006
Cost			
Cost at 1 October 2005 and 30 September 2006	618,749	100,000	718,749
Depreciation			
At 1 October 2005	86,271	24,000	110,271
Charge for the year	12,375	2,000	14,375
	98,646	26,000	124,646
Net book value at 30th September 2006	520,103	74,000	594,103
Net book value at 30th September 2005	532,477	76,000	608,477

The fixed assets comprise a long leasehold interest in the Manor House at the Sternberg Centre from where the Charity operates and has a library. Also the Charity owns two freehold houses located close to the College. These assets are stated at cost less depreciation although in the opinion of the trustees the market value exceeds this.

Historic asset

The College owns a library housed at the Sternberg Centre. It comprises about 55,000 volumes, a Rare Book collection including books held in trust on long-term loan and sundry artefacts. Many items have been donated over a period of 25 or more years and others have been purchased. The original cost of the assets has not been included in the balance sheet. They are insured for £2,000,000 which is an estimate of the replacement cost.

8. Investments

Market value	2006	2005
Listed investments dealt with on a recognised stock exchange:	556,468	654,147
Investments representing over 5% in value:		
	%	%
52,352 Lazard Investment Fund UK Alpha	14	16
36,250 Liontrust Investment First Income	12	12
20,000 Artemis UT UK Special Situations	11	5
41,000 Artemis Income Fund Units	13	9
35,000 Total Capital SA 5% Bonds	6	7
35,000 Centrica 5.37 % Bonds	0	7
Bonds	6	7
35,000 Transco 5.625% Bonds	6	7
35,000 Tesco 5.125% Bonds	0	7
35000 Anglo American Capital 5.125%	6	7
35000 Kreditanstalt Fur Wiederaufbau 4.75%	0	7
25000 Inter-Amer Dev Bank 5.75%	5	5
Quoted Investments	£	£
Market value at 1 October 2005	654,150	520,984
Acquisition cost	79,512	140,803
Disposals during the year	(209,969)	(71,900)
Net realised investment gains/(losses)	2,024	4,118
Net unrealised investment gains/(losses)	30,751	60,142
Market Value at 30 September 2006	556,468	654,147
Historical cost as at 30 September 2006	447,808	554,994

9. Debtors					2006	2005
					£	£
Trade debtors					160,790	181,499
Other debtors					19,361	8,741
					180,151	190,240
10. Creditors					2006	2005
					£	£
Trade creditors					32,308	27,689
Other creditors					7,848	19,483
Taxation and social security					20,216	21,585
Accruals					88,695	110,889
Deferred Income					180,215	92,417
					329,282	272,063
11. Creditors Amount falling due after more than 1 year					2006	2005
					£	£
Accruals					-	37,633
					-	37,633
12. Statement of funds						
	Balance at	Income	Expenditure	Transfers	Balance at	
	1 Oct 2005			30 Sept 2006		
General reserve	364,644	1,350,718	(1,531,599)		183,763	
Designated funds						
Rabbi R Shafritz memorial fund for post graduate rabbinic education or sabbaticals	7,011				7,011	
Herman Fechenbach fund for art work	834		(834)		0	
Dr Hans Bach fund for archiving his Materials for the library	14,314				14,314	
Manor House Repair Fund	76,789				76,789	
Development Fund	203,993	76,276			280,269	
Pamela (Leila) Littman Scholarship Fund	90,490	0			90,490	
Total designated funds	393,431	76,276	(834)	0	468,873	
Total unrestricted funds	758,075	1,426,994	(1,532,433)	0	652,636	
Restricted funds						
Ascher bequest for lectureship in Talmud	235,280	9,372	(10,427)		234,225	
Eastern European fund	1,402	22,976	(21,898)		2,480	
European rabbinic students fund	2,767	110	(1,999)		878	
Interfaith fund	23,142	3,172	(8,241)		18,073	
Pamela and Anthony Littman book fund	5,347	10,213	(10)		15,550	
Progressive Judaism Library fund	2,965	118	1		3,084	
Student welfare fund for college students	581	10,023	(10,497)		107	
UJIA fund for fellow in education	17,454	25,695	(43,194)		(45)	
Windermere Avenue Appeal fund	8,587	25,342	(4,863)		29,066	
Library Judaica fund	7,087	282	2		7,371	
Hanadiv Charitable Foundation fund	-	25,000	(25,000)		0	
NLPS Trust for Progressive Judaism		10,800	(7,437)		3,363	
Rabbi Professor Magonet Scholarship Fund	29,651	62,631	8		92,290	
Rabbinic Student Dependent Fund		12,474	(5,466)		7,008	
North East England		3,741			3,741	
Total restricted funds	334,263	221,950	(139,021)	0	417,192	
Endowment funds						
Arthur and Sybil Simon bursary fund	18,646	743	(5)		19,384	
Bechler Charitable Trust	94,994	3,784	(30)		98,748	
Total endowment funds	113,640	4,527	(35)	-	118,132	
Total funds	1,205,978	1,653,471	(1,671,489)	-	1,187,960	

There are total investment management fees of £6,373 included within the cost of generating funds.

Purposes of designated funds

Designated funds are not legally restricted but the original donors or their relatives had previously entered into discussion with the College as to the use of the monies. It is intended to respect the wishes of these donors but the use of these designated funds is subject to the discretion of the Governors.

The Manor House Repair Fund has been set aside by the Governors for the refurbishment of the premises used for teaching, the library and offices.

The Development Fund was established by the Governors to set aside any unbudgeted legacy income for specific projects in furtherance of the future development of the College.

The Pamela (Leila) Littman Scholarship Fund has been created partly out of the proceeds of a fund established by the donor's father who was connected to the St. Georges Settlement and North Western Reform Synagogue. The balance of the Fund was contributed from monies Mrs Pamela Littman earned as a solicitor carrying out legal aid work. The donor has chosen to make this donation that will make a very real and significant difference to the future of Progressive Jewry out of her commitment to Judaism and to further Jewish education for the benefit of future generations.

Purposes of restricted funds

The Ascher Bequest was received in 1989 for the purposes of founding and endowing a lectureship in the College. Unspent income must be accumulated but the trustees may spend the income and capital to set up this lectureship. Currently the income is used for the Ascher Lecturer in Talmud.

The Eastern European Fund is used for scholarships to students from the former Soviet Union.

European Rabbinic Student Fund is to support European students.

The Interfaith Fund is used to support a variety of Interfaith activities run by the College, including the annual Jewish-Christian-Muslim Student Conference, Jewish-Christian Bible Week, the Jewish-Muslim lecture series and occasional publications.

The Pamela and Anthony Littman Book Fund is to provide core books particularly to rabbinic students with limited financial resources.

The Progressive Judaism Library Fund was donated to develop a library of progressive Judaism.

The Students Support Fund is largely received from the Jewish Joint Burial Society to enable assistance to be given to support rabbinic students in their studies.

The Director of the Department of Education and Professional Development is the current UJIA Fellow of Education.

The Windermere Avenue Appeal Fund was raised to provide capital to purchase two houses close to the College. The remaining Fund will be used for capital repairs.

Library Judaica Fund was raised to purchase books relating to the Beth Din or other rare Judaica.

The Rabbi Professor Jonathan Magonet Scholarship fund was established to provide for promising students to attend the college who may otherwise be unable to do so.

The Hanadiv Charitable Foundation fund provided support towards the establishment of a full time lectureship in rabbinic studies and was fully expended for this purpose during the year.

The NLPS (North London Progressive Synagogue) Trust for Progressive Judaism Fund provided funding for capital and other projects at the College which promote Progressive Jewish values.

The Rabbinic Student Dependents Fund provides supplementary scholarships for students with dependents.

The North East England Rabbinic Scholarship Fund provides a supplementary scholarship to students serving a Northern community as part of their training.

Purposes of Endowment Funds

The Arthur and Sybil Simon Scholarship Fund was received in 1993 to provide scholarships for overseas rabbinic students. The income only may be used for this purpose.

The Bechler Charitable Trust was received in 1995 to provide for the training of European rabbinic students. The income only may be used for this purpose.

13. Analysis of Net Assets between Funds:

	Property	Investments	Net current assets	Creditors due After more than one year	Total 2006
Total restricted and endowment funds	267,717	250,758	16,848		535,324
Total unrestricted funds	326,385	305,709	20,541	0	652,636
	594,102	556,468	37,389	0	1,187,960

14. Connected Charities

The Leo Baeck College has some trustees in common with the Movement for Reform Judaism and Liberal Judaism (grants have been received from both these organisations as shown in the SOFA) and the Manor House Trust (to whom service charge payments were made during the year).

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEO BAECK COLLEGE

We have audited the financial statements of Leo Baeck College for the year ended 30 September 2006 set out on pages 8 to 16. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The responsibilities of the trustees (who are also the directors of Leo Baeck College for the purpose of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently

applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

* the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 30 September 2006 and of their incoming resources and application of resources, including its income and expenditure, for the year then ended; and

* the financial statements have been properly prepared in accordance with the Companies Act 1985; and

* the information provided in the Trustees' Annual Report is consistent with the financial statements.



NYMAN LIBSON PAUL
Chartered Accountants
Registered Auditors
5 February 2007

Regina House
124 Finchley Road
London NW3 5JS