

Leo Baeck College

At the Heart of Progressive Judaism

Trustees' Report

- ❖ Legal and Administrative Information
- ❖ Report of the Board of Governors
- ❖ Treasurer's Report
- ❖ Accounts and Notes
- ❖ Independent Auditors' Report

for the year ended 30 September 2012

Legal and Administrative Information

Company Number 626693
Charity Number 209777

Board of Governors

Governors, Trustees and Directors

Alasdair Nisbet	Chairman, appointed 21 March 2011 (appointed as a Governor 21 October 2003)
Rabbi Dr Deborah Kahn-Harris	Principal, appointed 5 September 2011
Robert Graham	Honorary Treasurer, appointed 24 October 2001
Rabbi Charlotte Baginsky	Nominee of Rabbinic Conference, appointed 1 November 2010
Noeleen Cohen	Movement for Reform Judaism board representative, appointed 12 December 2011
Michael Francies	Governor, appointed 19 October 2009
David Hockman	Governor, appointed 18 June 2012
Lucian Hudson	Chairman, Liberal Judaism, appointed 19 October 2009, resigned 18 June 2012
Ian Karet	Governor, appointed 19 October 2009
David Kirk	Governor, appointed 13 June 2011
Dee Lehane	Governor, appointed 19 October 2009
Rhona Lesner	Non-teaching staff representative, appointed 21 March 2011, resigned 17 December 2012
Rabbi Josh Levy	Nominee of Assembly of Rabbis, appointed 5 September 2011
Rabbi Dr Charles Middleburgh	Rabbinic faculty representative, appointed 21 March 2011, resigned 17 December 2012
Lea Mühlstein	Student representative, appointed 31 January 2012, resigned 17 December 2012
Jo-Ann Myers	Education faculty representative, appointed 21 March 2011, resigned 17 December 2012
Ben Rich	Movement for Reform Judaism, Executive Director, appointed 21 March 2011, resigned 8 February 2013
Rabbi Danny Rich	Liberal Judaism Chief Executive, appointed 7 February 2005
Michael Romain	Governor, appointed 19 October 2009
Benji Stanley	Student representative, appointed 31 January 2012, resigned 17 December 2012

Non-voting student representatives

Leah Jordan	Student representative, appointed 17 December 2012
Danny Newman	Student representative, appointed 17 December 2012

Senior Staff

Rabbi Dr Deborah Kahn-Harris	Principal
Stephen Ross MSc FCII DChA	Executive Director and Secretary to the board
Dr Annette Boeckler	Librarian
Rhona Lesner BA (Hons)	Head of HR and Support Services
Rabbi Dr Charles Middleburgh	Director of Jewish Studies
Jo-Ann Myers MA	Director of Jewish Education
Gaby Ruppin MSc	Head of Academic Services

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 MSc FCII DChA

Auditors

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

Principal Investment Advisors

Investec Wealth & Investment Limited
2 Gresham Street
London, EC2V 7QN

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 members of the Board of Governors named on page 2. The original memorandum and articles were dated 24 April 1959, and have been amended by special resolutions since then, the latest being 1 November 2010.

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 Governors are 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 professional staff. The work of implementing the policies is carried out by the Board of Governors in conjunction with the charity's staff.

Rabbi Dr Deborah Kahn-Harris was appointed as Principal in September 2011. The Principal is the senior academic and administrative officer of the College and is supported in her role by the Senior Management Team (SMT). The Principal regularly reports to the Honorary Officers and Board of Governors. Governors serve for a period of four 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.

While some governors are appointed ex officio, others are appointed on the basis of their standing, experience and skills to provide a balanced board with the ability to govern effectively.

Governors are recruited through networks in the communities the College serves by identifying any skill shortage created by the departing governors and targeting suitably qualified individuals to approach. Induction is provided to new governors 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.

Following recommendations from an external governance review, an EGM was held on 1 November 2010 to amend the articles to allow the appointment of additional governors, granting voting representation from students, faculty and staff and removing the category of non-voting governors. The opportunity was also taken to update the Memorandum and Articles generally. These changes took effect from the AGM on 21 March 2011. However, some difficulties emerged in practice and so the current governance structure is under further review and governors are considering proposals with a view to implementing them by September 2013.

Occasional training for governors takes place usually in the form of a development session to examine particular areas of College activity or more generally to review future strategy. These sessions are typically facilitated by an external consultant. The most recent such session took place on 3 May 2012.

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, achievements and future plans

The objects of the College are the promotion and furtherance of Jewish religious and educational instruction and fostering and advancing the study of the classical texts of the Jewish tradition (Bible and rabbinic literature in the original languages), the study of Jewish liturgy, history, literature, theology, philosophy, education and culture, both religious and secular. The College sees itself as the beating heart of Progressive Judaism in the UK and Europe.

The College seeks to achieve these objectives 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 instill the love of learning in the Jewish community by raising the level of Jewish knowledge
- To stimulate Progressive Jewish thought, expand its vision and deepen its values
- To advance mutual understanding and respect within the Jewish people and amongst the religions, cultures and peoples of the world

Each year the governors review our aims and activities to ensure they continue to reflect our objectives. In carrying out this review the governors have considered the Charity Commission's general guidance on public benefit and in particular its supplementary public guidance on the advancement of religion for public benefit. The governors believe that the activities, achievements and future plans described here, demonstrate the public benefit that the College brings to the wider community, especially in relation to activities such as those outlined in the last point of our Mission above.

All students are eligible for various scholarships in support of their studies. Most students on the rabbinic programme receive scholarships to cover their fees and a contribution to living expenses subject to terms and conditions. The College policy is to try to ensure that no eligible and promising student is rejected for financial reasons and much fundraising effort goes into ensuring adequate funds are set aside for this purpose.

The 2011/12 academic year was very busy at Leo Baeck College. We developed a new curriculum both for rabbinic and education students and saw six new awards validated through the Institute for Theological Partnerships at the University of Winchester. In addition, we were successful in gaining the full confidence of the Quality Assurance Agency (QAA), ensuring our continued good standing with the UK Border Agency.

During 2012/13 we have been building on these successes, embedding our new degree programmes. We welcomed six new rabbinic students to our ranks, including the first ever progressive rabbinic student from Spain. Our new curriculum ensures ever closer links between academic and vocational training of our students, helping to ensure that the rabbis of the future come out better qualified, more competent and more confident in core rabbinic skills. We have implemented an innovative new model for teaching rabbinic literature and student feedback is already positive.

The Leo Baeck College is focused on continuing to provide the best training for rabbis and Jewish teachers in Europe. Under our new Principal Rabbi Dr Deborah Kahn-Harris we have completely re-engineered our teaching programmes. We now have a range of courses that are validated and offer a variety of learning opportunities for students from the UK and overseas. This has required a tremendous effort by our faculty and staff which we are confident will lead to a vibrant college in the future. The 2013/14 academic year will bring new opportunities. In addition to solidifying the new rabbinic programme, we will launch the first ever UK-based BA in Jewish Education alongside a re-launch of our new and improved MA in Jewish Education. The BA (Hons) is the first BA in Jewish

Education in the UK and it is unique in its composition by offering strands in Jewish Studies, Hebrew language and pedagogy. The MA is uniquely offered through blended learning making it accessible to students from all over Europe and beyond; its international and comparative orientation distinguishes it from other MAs in Jewish Education in the UK. The College remains the only institution in the UK to offer academically accredited rabbinic ordination.

The College has many stakeholders. These include the Movement for Reform Judaism (MRJ), Liberal Judaism (LJ), synagogues, our rabbinic alumni, faculty staff, students, Patrons and Friends. We aim to recognise the importance of all these groups and to try to meet their competing needs. We aim to continue to reach out and plan that our Students and Faculty spend as much time as possible with synagogues and other community events.

The College has been in active discussions with the MRJ and LJ to develop a programme that meets their needs as well as the needs of their rabbis, many who were trained at the college, and their synagogues. We have responded to their request to take much of the work of the traditional work of the DJE in-house by reducing our activities in this area. It is with sadness that we have had to reduce our staff who had been carrying out this work and thank them for the excellent work that they have done for many years.

The SMT has also been implementing a significant cost cutting programme, reducing our administration overhead and shifting resources to teaching. This, along with the downsizing of the DJE, will lead to a significant reduction in our cost base. We believe that it is vital to make the cost of our courses as competitive as we can.

Fundraising is a critical part of our activities. We are likely to pass an important milestone in the next one to two years when the support from Patrons, Friends and other fundraising will exceed the support that we receive from the Movements. We are investing considerable time, effort and resources to expand our fundraising. We believe that we have an effective team that aims to keep fundraising costs competitive.

Most academic institutions survive by having an Endowment to supplement the annual fundraising campaign. We have started our own Endowment fund with a generous donation which, when included with our property portfolio, will take our assets to close to £2 million.

The Sternberg Centre site has been through considerable change in the last five years. The College remains at its centre and, along with the MRJ occupies the Manor House. We have jointly undertaken a major refurbishment of its exterior that has restored its impressive facade with the assistance of a long term loan to smooth out our cash flow requirements of that project. Elsewhere on the site we have significantly reduced our footprint and are subletting a number of buildings. This should lead to a halving of the cost of our occupancy of the site compared with a few years ago.

On behalf of the Board of Governors, the College wants to thank our staff and faculty for managing the changes that have taken place with good will and hard work, to the students for their enthusiasm and for being excellent ambassadors of the college, to Liberal Judaism, the Movement for Reform Judaism and their individual synagogues for their continuing financial support and to our Patrons and Friends that now represent our most important funders.

Though still subject to continuing consultation and new initiatives as described above we are working on implementation of the following main Strategic Objectives identified in our Strategic Review:

- To train 3-4 Rabbis per annum on average for UK affiliated synagogues, train an additional 1-2 overseas rabbis per annum on average, benefitting their communities and providing diversity
- Evolve the rabbinic programme to reflect the needs of our community and the opportunities of modern technology
- To drive forward a vision for progressive Jewish learning throughout the progressive Movements
- Develop a programme of Higher Jewish Studies for lay leaders related to the Rabbinic Course and academic research centre
- To provide a professionally resourced Specialist Judaica and Jewish Education library for students, faculty, researchers, alumni and community individuals
- Harness the power of modern communication technology throughout the College
- Work towards agreement with the Movements for a funding formula including the basis of providing student scholarships
- Break-even within the next 3 – 5 years with a combination of savings from site service charges, senior management cost and generating additional income

Results of the year

The Governors 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 documents.

The net incoming resources before other gains and losses were £379,409 (2011 outgoing, £271,974) including a deficit of £56,668 for restricted projects (2011, deficit £31,831) and £63,100 for designated projects (2011 deficit £77,226).

Investment Policy

The College's investment manager was changed during the year to Investec Wealth & Investment Limited. The Treasurer's Report on page 8 deals with the performance of the portfolio.

Investec Wealth & Investment Limited manage a UK portfolio representing our endowment fund on behalf of the Board of Governors on a discretionary basis in accordance with the investment policy that the portfolio should operate with no initial investment exceeding 10% of the total value of the funds under management and the total sum of all equity holdings in excess of 5% must not be equal to or exceed 40% of the fund's value at anytime. There is a target 'balanced' return between income and capital with a 'medium' risk criterion.

The Finance and Resources Committee comprises up to five members and is chaired by the Honorary Treasurer of the Board of Governors. In addition to overseeing the resources of the College, it formulates and monitors the investment strategy and appoints fund managers to implement their recommendations. It meets at least four times a year.

Designated funds

Designated funds form part of the general funds. These funds have been designated by the Directors for particular purposes and are separately identified in the notes to the accounts. The directors may remove any particular designation and returned them to general funds if required.

Restricted funds

Restricted and endowment funds totalled £880,892 at year end (2011, £432,748).

Although no formal legal restrictions 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 governors for these purposes.

Reserves

The level of unrestricted reserves was £1,450,007. Of this, £270,093 is represented by long leasehold and freehold property and the remainder is held as working capital and cash. Although there is a budget deficit projected for the current year ended 30 September 2013 the trustees, as part of the current financial strategy are working towards a balanced budget within the shortest possible time.

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 Resources 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 regularly.

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 the 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.

Trustees responsibilities statement

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 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 28 January 2013 and signed on its behalf by:



Alasdair Nisbet, Chairman

Treasurer's Report

I am pleased to present my Treasurer's Report for the year to 30 September 2012.

The College made a net operating surplus of £379,409 in the year to 30 September 2012 which represented an improvement over the net deficit of £271,974 in the previous year. After allowing for realised and unrealised gains and losses on investments, the overall effect on the College's net funds during the year was an increase of £1,345,059 compared with the decrease of £284,529 last year.

The College's income increased by £353,804 (or 27%) during the year, from £1,285,903 to £1,639,707 mainly as a result of an endowment received during the year. Total expenditure decreased from £1,557,877 to £1,260,299, mainly due to the reduced cost of charitable activities.

The College realised a £18,947 profit on its investment portfolio, compared with a £1,490 realised profit in 2011. Unrealised loss in the College totalled £226 as compared with the loss of £14,045 produced last year, reflecting the effect of variations in the Stock Market and investment values over the past year.

It is worth highlighting the fact that, notwithstanding next year's anticipated budget deficit, the College has a strong asset base and continues to benefit from long-term donor commitments. We have net Balance Sheet assets totalling £2.3m including the long leasehold interest in the Sternberg Centre and two freehold houses which produce a steady rental income. In addition, the library contents including collections of rare books are valued at over £2m. The College also holds details of substantial legacy pledges and over 30 four-year annual commitments from Patrons of between £2,000 and £10,000. The College secured a £½m donation which we regard as the first step towards building an endowment fund which is already producing a reliable income for the future.

During the year the College contributed to the cost of refurbishing the Manor House where our facilities are located and we arranged a loan to manage the cash flow requirements for our share of that project.

It is appropriate again to acknowledge the invaluable assistance provided by the Movement for Reform Judaism and Liberal Judaism, their continued support at current levels is important to our plans for achieving a break even operating position. I would also wish to recognise the increasing value of the support that the College receives from its growing number of supporters, Patrons and benefactors in the form of donations and legacies.

The College remains committed to improving the quality 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 is planning 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 Executive Director, and his team for all their hard work, efficient organisation, success in fundraising and for the support and encouragement they have given to all the Governors over the past year.



Robert Graham
Honorary Treasurer
28 January 2013

Leo Baeck College

Accounts

Year to 30 September 2012

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

Notes	Unrestricted			Restricted Funds	Endowment Funds	Total Fund 2011/12	Total Fund 2010/11
	Revaluation						
	General	Reserve	Designated				
	£	£	£	£	£	£	£
INCOMING RESOURCES							
<u>Incoming resources from generated funds</u>							
Voluntary Income							
Movement for Reform Judaism	350,002					350,002	355,344
Liberal Judaism	149,750					149,750	157,104
UJIA	20,750					20,750	70,000
Other donations and grants	50,953			61,782	500,000	612,735	150,291
Activities for generating funds							
Income from patrons and friends	182,675					182,675	182,288
Investment income and interest	697			291	107	1,095	1,095
	754,827	-	-	62,073	500,107	1,317,007	916,122
<u>Incoming resources from charitable activities</u>							
Tuition fees	139,235					139,235	186,689
Student and other accommodation fees	48,122					48,122	34,730
Income from programmes	95,573					95,573	102,530
Sundry sales income	39,770					39,770	45,832
Total Incoming Resources	1,077,527	-	-	62,073	500,107	1,639,707	1,285,903
RESOURCES EXPENDED							
Cost of Generating Funds							
Fundraising and publicity	130,308					130,308	137,065
Other Costs	26,616					26,616	22,338
Charitable Activities	879,372		63,100	118,741	1,962	1,063,175	1,338,740
Governance costs	40,200					40,200	59,734
Total resources expended	1,076,496	-	63,100	118,741	1,962	1,260,299	1,557,877
Net incoming/(outgoing) resources before other gains and losses	1,032		(63,100)	(56,668)	498,145	379,409	(271,974)
Other recognised gains and losses							
Realised gains on investments	12,054		-	5,038	1,855	18,947	1,490
Unrealised losses on investments	0		-	-	226	(226)	(14,045)
Revaluation of Investment Property		946,929				946,929	
Total other recognised gains	12,054	946,929	-	5,038	1,629	965,650	(12,555)
Net Movement in Funds	13,086	946,929	(63,100)	(51,630)	499,774	1,345,059	(284,529)
RECONCILIATION OF FUNDS							
Fund balances brought forward - at 1st October 2011	3,153	-	549,939	316,268	116,480	985,840	1,270,369
Fund balances carried forward at 30th September 2012	16,239	946,929	486,839	264,638	616,254	2,330,899	985,840

The notes on pages 11 - 18 form part of these financial statements.

Balance Sheet

As at 30 September 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible fixed assets	7	270,093	522,227
Investment Properties	8	1,400,000	
Investments	9	499,774	206,982
		<u>2,169,867</u>	<u>729,209</u>
Current assets			
Debtors	10	87,251	65,816
Cash at bank and in hand		353,250	259,461
		<u>440,501</u>	<u>325,277</u>
Creditors			
Amounts falling due within one year	11	96,310	68,646
Net current assets		<u>344,191</u>	<u>256,631</u>
Total assets less current liabilities		2,514,058	985,840
Creditors			
Amounts falling due in more than one year	12	183,159	0
Net assets		<u>2,330,899</u>	<u>985,840</u>
Represented by:			
Unrestricted Funds			
General	13	16,239	3,153
Revaluation Reserve	13	946,929	
Designated	13	486,839	549,939
Total unrestricted funds		<u>1,450,007</u>	<u>553,092</u>
Restricted funds	13	264,638	316,268
Endowment funds	13	616,254	116,480
		<u>2,330,899</u>	<u>985,840</u>

These accounts have been prepared in accordance with the special provisions relating to small entities within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These Financial Statements were approved by the Board of Governors (the Trustees of the Charity and the Directors of the Company) on 28 January 2013 and signed on their behalf by:



Robert Graham
Honorary Treasurer

The notes on pages 11 - 18 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 2006, the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' issued 2005 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 governors 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 and endowment 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 fund is set out in the notes to the financial statements.

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.

Fundraising 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

Assets are capitalised and depreciated on a straight line basis as follows:

Leasehold property and improvements 50 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) Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that the fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

h) Stock

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

i) 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

j) 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 and Interest

	2012	2011
	£	£
Interest on cash deposits	288	351
Dividends from investments	807	1
Interest from Bonds	0	743
Total	1,095	1,095

3. Fundraising and Publicity

	Unrestricted	Restricted & Endowment	Total	Total
	£	£	£	£
Staff costs	95,837	0	95,837	99,357
Publicity, advertising and rabbinic recruitment	34,471	0	34,471	32,306
Annual Review	0	0	0	5,402
Total	130,308	-	130,308	137,065

4. Charitable Activities

	Unrestricted	Restricted & Endowment	Total	Total
	£	£	£	£
Tuition	533,024	72,018	605,042	741,553
Student Accommodation	8,954	0	8,954	13,378
Programmes, Jewish Lifelong Learning & Interfaith	319,525	4,214	323,739	478,724
Library and Sundries	80,968	44,469	125,437	105,085
Total	942,471	120,701	1,063,172	1,338,740

Note - Charitable Activities include the following allocation of Support Costs

5. Support Costs	Student			Library & Sundries	Governance Costs	Total 2012	Total 2011
	Tuition	Programmes	Accommodation				
	£	£	£	£	£	£	£
Support Staff Costs	100,786	80,629	6,047	14,110		201,572	203,881
Training Costs	46	37	3	6		92	2,147
Rent	8,540	6,832	512	1,196		17,080	50,824
Insurance	2,072	1,657	124	290		4,143	3,505
Printing, postage, stationery	3,607	2,885	216	505		7,213	9,595
Telephone	1,120	896	67	157		2,240	2,313
Computer Costs	11,695	9,356	702	1,637		23,390	15,375
Travelling	1,383	1,106	83	194		2,766	2,598
Depreciation	7,188	5,750	431	1,006		14,375	14,375
Accountancy, Legal & Audit Fees	0	0	0	0	40,200	40,200	59,734
Other Costs	6,302	5,042	378	882		12,604	17,804
Total	142,739	114,190	8,563	19,983	40,200	325,675	382,151

6. Analysis of Total Staff Costs	2012	2011
Staff Costs:		
	£	£
Wages and salaries including visiting lecturers	582,183	621,660
Social security costs	51,985	53,496
Pension costs	29,299	31,146
Total	663,467	706,302

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

	2012	2011
£80,000-£90,000		1
£60,000-£70,000	1	1

In addition pension contributions of £3,000 (2011 £9,765), were made in respect of these employees

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

Academic	7	9
Support and Fund Raising	6	6
Library	1	2
Totals:	14	17

Salaries include £28,301, (2011, £34,379) relating to visiting lecturers not included in the average number of employees.

A trustee was reimbursed for travelling expenses of £368 during the year.

7. Fixed Assets	Freehold land and buildings	Leasehold Property and Improvements	Office Equipment	Total 2012
Cost	£	£	£	£
Cost at 1 October 2011	618,749	100,000	4,241	722,990
Additions		208,093	0	208,093
Transfer to Investment properties	(618,749)			(618,749)
Eliminations			(4,241)	(4,241)
Cost at 30th September 2012	0	308,093	0	308,093
Depreciation				
At 1 October 2011	160,522	36,000	4,241	200,763
Charge for the year	5,156	2,000		7,156
Transfer to Investment properties	(165,678)			(165,678)
Eliminations			(4,241)	(4,241)
at 30th September 2012	0	38,000	0	38,000
Net book value at 30th September 2012	0	270,093	0	270,093
Net book value at 30th September 2011	458,227	64,000	-	522,227

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.

Historic asset

The College owns a library housed at the Sternberg Centre. It comprises approximately 60,000 volumes, Rare Book collections 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 a sum in excess of £2m. which is an estimate of the replacement cost.

8. Investment Properties	Freehold Investment Property
Cost or Valuation	£
Transfer from fixed assets	453,071
Surplus/deficit on revaluation	946,929
As 30 September 2012	1,400,000

On 29 February 2012 the properties were valued by Gleny LLP, on an open market value for existing use basis.

On a historical cost basis these properties would have been included at an original cost of £618,749.

9. Investments

	2012	2011
	£	£
Market value :		
UK Fixed Interest	20,015	18,850
Overseas Fixed Interest	5,104	-
UK Equities	100,753	-
Overseas Equities	47,530	159,460
Property	10,000	-
UK Cash	316,372	-
UK Alternatives		28,672
	<u>499,774</u>	<u>206,982</u>

Investments representing over 5% in value:

	%	%
Artemis Fund Managers Income 1 Inc	30,026	
The Global Growth Portfolio		159,460

Movements

	£	£
Market value at 1 October 2011	206,982	149,328
Acquisitions	500,000	202,181
Disposals	(225,929)	(131,972)
Realised investment gains/(losses)	18,947	1,490
Unrealised investment gains/(losses)	(226)	(14,045)
Market Value at 30 September 2012	<u>499,774</u>	<u>206,982</u>
Historical cost as at 30 September 2012	<u>500,067</u>	<u>149,328</u>

10. Debtors

	2012	2011
	£	£
Trade debtors	54,323	40,668
Other debtors	32,928	25,148
	<u>87,251</u>	<u>65,816</u>

11. Creditors : Amounts falling due within one year

	2012	2011
	£	£
Bank Loan	21,134	-
Trade creditors	27,028	17,553
Other creditors	14,153	-
Accruals	28,985	43,043
Deferred Income	5,010	8,050
	<u>96,310</u>	<u>68,646</u>

The bank loan is secured by a fixed charge over one of the charity's investment properties

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

	2012	2011
	£	£
Bank Loans	<u>183,159</u>	<u>-</u>

The bank loan is secured by a fixed charge over one of the charity's investment properties

	2012	2011
	£	£
Amounts repayable by installments :		
In 1-2 years	21,134	-
In 2-5 years	63,401	-
In over 5 years	98,624	-
	<u>183,159</u>	<u>-</u>

13. Statement of funds

Unrestricted Funds	Balance at 1 Oct 2011	Incoming Resources	Resources Expended	Gains/Losses	Balance at 30 Sept 2012
	£	£	£	£	£
General reserve	3,153	1,077,528	(1,076,496)	12,054	16,239
Designated funds					
Materials for the library	10,064			-	10,064
Manor House Repair Fund	46,789				46,789
Development Fund	255,269			-	255,269
Pamela (Leila) Littman Scholarship Fund	49,993		(13,917)		36,076
The Sidney Kingsley Trust	187,824		(49,183)		138,641
Total designated funds	549,939	-	(63,100)	-	486,839
Revaluation Reserve				946,929	946,929
Total unrestricted funds	553,092	1,077,528	(1,139,596)	958,983	1,450,007
Restricted funds					
Ascher bequest for lectureship in Talmud	146,095	134	(42,568)	2,327	105,988
Eastern European fund	0	19,630	(16,700)	-	2,930
Interfaith fund	10,663	2,510	(4,500)	170	8,843
Pamela and Anthony Littman book fund	14,612	13	(1,000)	233	13,858
Progressive Judaism Library fund	2,973	3	0	47	3,023
Rabbinic Students Support Fund	493	8,000	(8,279)	8	222
Windermere Avenue Appeal fund	11,161	10	(7,814)	178	3,535
Library Judaica fund	7,578	7	0	121	7,706
NLPS Trust for Progressive Judaism	0	8,000	(8,000)	-	-
The Rothschild Foundation Europe	4,250	4	(3,339)	68	983
Van der Zyl Statue Fund	4,178	4	0	67	4,249
Lectureship in Jewish Thought and Ethics	58,763	54	0	936	59,753
The Community Development Foundation Grant Fund	856	1	0	14	871
Michael Goulston Education Foundation	13,737	13	0	219	13,969
Gertrud Stein-Liberal Jewish Synagogue Teaching Fund	24,314	22	(5,000)	387	19,723
Library Conservation & Infrastructure Project	4,144	4	(4,214)	66	-
Professor Ludwik Finkelstein Student Prize	100	100	(102)	2	100
Lech Lecha	12,351	11	(2,224)	197	10,335
RIF Italianer Conference Fund	0	7,927	0	-	7,927
Kol Chai - 3rd Year Students Vocational Classes	0	625	0	-	625
European Union for Progressive Judaism	0	15,000	(15,000)	-	-
Total restricted funds	316,268	62,072	(118,740)	5,040	264,638
Endowment funds					
Arthur and Sybil Simon bursary fund	16,880	16	(284)	269	16,880
Bechler Charitable Trust	99,600	92	(1,678)	1,586	99,600
The Suminden Fund		500,000	0	(226)	499,774
Total endowment funds	116,480	500,108	(1,962)	1,629	616,254
Total funds	985,840	1,639,708	(1,260,298)	965,652	2,330,899

There are total investment management fees of £1,200 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 and other 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 z"l earned as a solicitor carrying out legal aid work.

The Sidney Kingsley Trust established a Fund at the College to provide facilities for students in support of their studies, including the award of named scholarships.

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 governors 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.

The Interfaith Fund is used to maintain 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. Interfaith projects are supported by The Spalding Trust and the Bridging Trust.

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 Rabbinic 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 Windermere Avenue Appeal Fund was raised to provide capital to purchase two houses close to the College. The remaining Fund is used for capital repairs and maintenance.

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

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

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

The Rothschild Foundation (Hanadiv) Europe fund is for cataloguing and conserving a collection of Polish books.

The Van der Zyl Statue Fund is collecting donations to create a memorial of the College founder, Rabbi Van der Zyl and create a scholarship in his name.

The Lectureship in Jewish Thought and Ethics was created with proceeds for the 50th Anniversary Gala Dinner to provide for visiting lecturers.

The Michael Goulston Education Foundation was a separate charity merged into the College on 15 June 2009. Its only asset was a bank account which is now held in a fund on the same terms i.e. advancement of Jewish education in particular assistance for teaching resources.

The Community Development Foundation Grant Fund was received from their "Faiths in Action" programme for an interfaith project.

The Gertrud Stein-Liberal Jewish Synagogue Teaching Fund was established in support of the academic programme.

The Professor Ludwik Finkelstein Student Prize commemorates his significant contribution to the academic life of College.

The Lech Lecha Fund provides continuing professional development opportunities for recently ordained rabbis.

The European Union for Progressive Judaism (EUPJ) Fund is used for scholarships to students from European countries.

The Ruth Ivor Foundation (RIF) provided funds for Italianer Conference funds – the conference will take place in 2014.

The Kol Chai 3rd Year Students Vocational Classes Fund is to provide additional support for those students.

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.

The Suminden Bursary Fund known as 'The Suminden Fund' was created as an expendable endowment subject to certain guidelines to reflect the donors' love of Judaism and to further Jewish education for the benefit of future generations.

14. Analysis of Net Assets between Funds:

	Tangible Fixed Assets and Investment Property	Investment Properties	Investments	Net current assets	Creditors Amounts Falling due after more than one year	Total 2012
Unrestricted Funds	270,093	1,400,000	0	(36,927)	(183,159)	1,450,007
Restricted Funds	0	0	0	264,638	0	264,638
Endowment Funds	0	0	499,774	116,480	0	616,254
	270,093	1,400,000	499,774	344,191	(183,159)	2,330,899

13. Connected Charities

The Leo Baeck College has some governors 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 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2012, and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Jennifer Pope (Senior statutory auditor)

for and on behalf of
Nyman Libson Paul



Chartered Accountants & Statutory Auditors

Regina House
124 Finchley Road
London
NW3 5JS

28 January 2013