

The Society of St Stephen's House

Financial Statements

For the year ended 30 June 2021

Charity Registration Number: 1177459

Company Registration Number: 11199178

**The Society of St Stephen's House
Annual Report and Financial Statements
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The Society of St Stephen's House
Charity Information
For the year ended 30 June 2021

The Society of St Stephen's House is a registered charity and a company limited by guarantee, incorporated on 12th February 2018 and registered as a charity on the 7th March 2018. The assets and liabilities of the unincorporated charity 309693 The Society of St Stephen's House, formed by an indenture dated 16th August 1876 and enrolled in the High Court of Justice (Chancery Division), were transferred to this new charity by deed of transfer on 1st July 2018. The previous charity 309693 is now a linked charity renumbered as 1177459-1. It is disclosed as a restricted fund with a zero balance in these accounts.

Charity Registration Number:	1177459
Address:	16 Marston Street Oxford OX4 1JX
The House Council Trustees:	All Trustees are also Directors of the Limited Company
Chairman:	The Rt Revd Dr Martin Warner* +
Vice Chairman:	Mr John Booth +
Chairman of the Finance and General Purposes Committee:	The Revd Canon Paul Armstead*
	The Rt Revd Dr Jonathan Baker + The Revd Charles Card-Reynolds The Revd Prebendary David Houlding* Gregory Jones QC (to September 2021)* The Revd Canon Timothy Pike (to September 2021) The Revd Canon Dr Robin Ward (Principal) (ex officio) * Dr Mark Philpott (to October 2021) (nominated by the Academic Staff) Dr Lindsay Dixon Mr Luke Demetri (to September 2020) (nominated by the Student Common Room) Mr Michael Dixon (from March 2021) (nominated by the Student Common Room) The Revd Lucy Gardner (from October 2021) (nominated by the Academic Staff)
+ Life trustees	
In attendance at the House Council:	The Revd Andreas Wenzel (from August 2020) (Vice-Principal) Mr Michael Dixon (to March 2021) (nominated by the Student Common Room) Mrs Alison Parker (Bursar) (Company Secretary) * The Venerable Luke Miller (appointed by the General Synod) Mrs Millie Day (from March 2021) (nominated by the Student Common Room)
The Finance and General Purposes Committee:	Members marked *
Advisors:	
Bank:	Handelsbanken Oxford West Way branch Seacourt Tower, 2nd Floor West Way Botley Oxford OX2 0JJ
Solicitors:	Stone King 13 Queen Square Bath Avon BA1 2HJ
Auditors:	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP

**The Society of St Stephen's House
Trustees' Report
For the year ended 30 June 2021**

The Trustees present their Annual Report, incorporating their Directors' Report, for the year ended 30 June 2021 under the Charities Act 2011 and Companies Act 2006 together with the audited financial statements for the year.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and with United Kingdom Generally Accepted Accounting Practice.

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing these the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards and the Charities SORP, disclosing and explaining any departures in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records that disclose, with reasonable accuracy, the financial position of the charity at any time, and to enable them to ensure that the financial statements comply with charity law. 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.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Charity was founded in 1876 and was previously registered with the Charity Commission under Charity number 309693. On 12th February 2018, The Society of St. Stephen's House incorporated as a private company limited by guarantee and registered as a charity on 7th March 2018. The assets and liabilities were transferred from the unincorporated charity to this limited company with effect from 1st July 2018. The House Council members at the date of this report and of those in office during the year, together with details of the senior staff and advisers of the Society, are set out on page 3 of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The charity is governed by its Memorandum and Articles on 12th February 2018 as amended on 18th June 2018 and 13th November 2018.

Governing Body

The House Council, comprising all the trustees, is the Society's governing body. It includes a staff and a student representative and is supported by non-voting staff and student members at its meetings. The House Council determines the ongoing strategic direction of the Society and regulates its administration and the management of its finances and assets. It meets each term and is advised by the Finance and General Purposes sub-committee.

New members of the House Council are appointed according to the terms set out in the Charity's Constitution for the various categories of membership, after an appropriate audit of the governance skills required.

Recruitment and training of Trustees

The Trustees bi-annually review their role and way of conducting business at a two-day Residential. Individual Trustees take on specific responsibilities for the various areas of governance and compliance with the support of the Bursar. The Principal supports the Chairman regarding Trustee recruitment and House Council membership.

Remuneration of Trustees and Senior College Staff

The Trustees receive neither remuneration nor benefits from their trusteeship of the Society. Those Trustees who are also employees of the Society receive remuneration for their work as employees of the Society. For Academic staff this is in accordance with 'Lichfield' Scale issued annually by the Finance Committee of the Ministry Division of the Church of England. For administrative staff, this is in accordance with the relevant pay scales adopted by the House Council from those set out by the University of Oxford.

Organisational Management

The Society is managed by the House Council. The House Council is also responsible for setting and reviewing the core policies of the Society. These policies include a Safeguarding Policy incorporating the principles of the House of Bishop's Policy for safeguarding children (Protecting All God's Children, 2010) and safeguarding adults in the Church of England. (Promoting a Safe Church, 2006). During 2015-16 the Society's policies were also updated to incorporate the requirements and recommendations of the Government Prevent strategy. The Health and Safety Policy was updated in December 2019.

The work of implementing most of its policies is carried out by the Finance and General Purposes Committee, which met six times during the financial year. The day to day running of the Society is delegated to the Principal, supported by his staff.

OBJECTIVES AND ACTIVITIES

Charitable Objects and Aims, Activities and Objectives

The Society's object is to fulfil its educational aims as set down in the Memorandum and Articles, being "furthering the education and training of Graduates of the Universities of Oxford and Cambridge and others preparing for Mission Work abroad or for other Ministerial work in the Church of England or the Churches in communion with the Church of England and for such other purposes as may tend to aid or further this general object."

The House Council has considered the Charity Commission's guidance on public benefit and in keeping with its objects, the Society's aims for the public benefit are to train clergy for the Anglican Communion and to enable students to pursue graduate professional training and academic research in Education, Theological Studies and such related educational activities in the University of Oxford as are consonant with the Trust Deed.

ACHIEVEMENTS AND PERFORMANCE

In furthering its charitable object this year, the Society has been the educational home for 92 students (2020 – 87). 19 (2020 - 20) ordinands have studied in a variety of ways through undergraduate and graduate courses at the University of Oxford, programs within St. Stephen's House and the Common Award program validated for the Church of England by the University of Durham. 24 (2020 – 25) students have undertaken a Postgraduate Certificate in Education and the Society has welcomed 49 (2020 - 42) full – time, part – time and continuing students from the UK and overseas, studying for higher degrees in theology, education, oriental and late antique and Byzantine studies, psychiatry and linguistics.

The Covid-19 pandemic continued to significantly impact the Society's activities commercially, with a suspended conference summer season, limited B&B opportunities and the beginnings of a concert program returning in Trinity Term 2021. Educationally, our PGCE students returned in Michaelmas Term 2020, followed by our ordinands and graduates in Hilary Term 2021, albeit in a socially distanced manner.

FINANCIAL REVIEW

The full details of the financial performance for the year is given in the Statement of Financial Activities (SOFA) on page 15. Its assets are set out on the Balance Sheet on page 16.

Net expenditure for the year is (£273,849) (2020 – (£9,515)). The increased deficit is largely attributable to lost activity due to Covid, with the full conference program cancelled for summer 2020, reduced student accommodation income, SJE Arts activity and B&B. Donations were also reduced compared with the prior year.

Teaching, research and residential income was down by £202,307 to £663,450 (2020 - £865,757). The key factors were a shortfall on educational conference income of £156,805 and student rents reduced by £36,543.

Donations, grants and legacy income decreased by £276,974 to £215,374 (2020 - £492,348) primarily due to the timing of significant pledges to the Appeal Fund. The Society is grateful to the generous support of all its donors, without whom the work of the Society could not continue.

Donations and grants of £10,000 and above included in the figures above:

The Frederick Q Lawson Foundation	£64,287
The Anglo Catholic Ordination Candidates Fund	£60,000
The UK Government Furlough scheme	£21,231
The Fellowship of St John (UK) Trust Association	£12,000
The Yves Guihannec Foundation	£10,000

Other Income of £116,915 (2020 - £264,892) was down by £147,977 again due primarily to the site restrictions for Michaelmas Term and the resultant loss of concert and non-student accommodation income.

The total reduction of non-donation income over the prior year was £357,458 (2021 - £803,195, 2020 - £1,160,653). This was partially offset by reduced expenditure of £188,966 (2021 – 1,368,252, 2020 – £1,557,218). The overall net movement in funds for the year was however a surplus of £93,607 (2020 – (£9,515)), due to the recovery of a substantial part of the prior year loss on investment valuations and gains on the revaluation of fixed assets.

Reserves policy

The reserves policy is to maintain unrestricted reserves at a level equivalent to at least three months operating costs. This policy is reviewed annually.

Total funds of the Society as at 30.06.21 are £16,426,426, (2020 restated - £16,342,818, 2020 original £17,405,506). The restatement is attributable to the treatment of the final equity sharing loan at fair value. Of these funds, £295,229 (2020 - £280,441) are classified as restricted with the remainder unrestricted. Of these unrestricted funds, £1,152,643 (2020 - £1,009,893) are in the designated Appeal Fund. This includes the designation of unrestricted funds of £45,777 received from The Frederick Q Lawson Foundation and The Yves Guihannec Foundation for the future development and expansion of the delivery of the organisation's core purposes

Risk management

The House Council, through the Finance and General Purposes Committee, keep under review the major risks faced by the Society.

The risks are categorised under eight separate types with impact / probability scores for each one and a record kept of action either needed or taken to manage and mitigate these risks. The types of risk considered are in the areas of strategy, organisation, students, staff, buildings, financial control, information and IT provision, and provision of services.

At the operational level, risk assessments are used to manage the risks associated with all significant activities, particularly in relation to Covid-19 activity in this year to ensure that the organisation can operate as a Covid secure organisation for the safety of its staff and students.

Investment policy, objectives and performance

The investment portfolio is overseen by the Finance and General Purposes committee. Funds are invested in M&G Charifund units and the investment property 23 James Street. No funds were invested nor released from M&G Charifund in the year. The value of investments held in M&G Charifund was up by £85,834 as at the year end, recovering a significant proportion of the prior year losses. (2021 – £521,992, 2020 - £436,159).

FUTURE PLANS

Three significant external factors continue to set the context for future plans, namely the Church of England review of its education entitled Reforming Ministerial Formation, the planned Oxford University withdrawal of permission to its PPHs to offer awards accredited by other universities from academic year 2022-23, and the reverberations of the Covid-19 pandemic.

A major initiative of the Society is the planned launch of its online presence via the Edward King Centre, which is commencing in 2021-22.

Approved by the House Council on 19.11.21 and signed on its behalf by:

The Right Reverend Dr Martin Warner
Bishop of Chichester
Chairman of the Council

+ Martin Warner:

The Society of St Stephen's House
Independent Auditor's Report to the Members and Trustees of the Society of St Stephen's House
For the year ended 30 June 2021

We have audited the financial statements of The Society of St Stephen's House (the "Charity") for the year ended 30 June 2021 which comprise the Statement of Financial Activities, the Balance Sheet, Cashflow Statement and the related notes. 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).

This report is made solely to the Charity's Governing Body, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity'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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 30 June 2021 and of 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 Charity 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 relating to going concern

In auditing the financial statements, we have concluded that the Trustee's 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 not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, 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 they 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 Charity'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 Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charity through discussions with Trustees and other management, and from our knowledge and experience of the client's sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including Charities Act 2011, taxation legislation, data protection, employment and pensions, planning and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and, where relevant, inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of Trustees and other management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- if considered necessary, reviewing correspondence with relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

The Society of St Stephen's House
Independent Auditor's Report to the Members and Trustees of the Society of St Stephen's House
For the year ended 30 June 2021

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- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with Members of the Governing Body and other management, and from our knowledge and experience of the client's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including Charities Act 2011, Oxford University requirements, taxation legislation, data protection, employment and pensions, planning and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and, where relevant, inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of Members of Governing Body and other management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

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- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
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Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**The Society of St Stephen's House
Independent Auditor's Report to the Members and Trustees of the Society of St Stephen's House
For the year ended 30 June 2021**

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.



**Robert Kirtland, Senior Statutory Auditor
For and on behalf of Critchleys Audit LLP
Beaver House
23-38 Hythe Bridge Street
Oxford
OX1 2EP**

Date: 17 December 2021

The Society of St Stephen's House
Statement of Accounting Policies
For the year ended 30 June 2021

Charity information and merger accounting

The Society of St Stephen's House is a registered charity and a company limited by guarantee, incorporated on 12th February 2018 and registered as a charity on the 7th March 2018 (the assets and liabilities of the unincorporated charity The Society of St Stephen's House, formed by an indenture dated 16th August 1876 and enrolled in the High Court of Justice (Chancery Division), were transferred by deed of transfer on 1st July 2018). This has been accounted for using merger accounting as required by the FRS 102 SORP in order to present a true and fair view.

For assets under a Charity Commission Scheme, The Society of St Stephen's House is now the sole Trustee of that scheme and the assets under the Scheme are now under the control of this charity and included in its accounts.

Under merger accounting the comparatives represent the results and financial position of the unincorporated charity (there was no activity in the charitable company limited by guarantee before then).

Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and in accordance with 'The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (The Charities SORP (FRS 102)).

The financial statements have been prepared on a going concern basis and on the historical cost basis. The principal accounting policies adopted are set out below and have been applied consistently throughout the year.

Going concern

Despite the deficit in year and the predicted deficit for 2021 the Society has sufficient reserves to see it through.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds which have been either allocated or expended by the trustees for a specified purpose.

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

Fees and other income

Students' fees, rents and educational summer school income are accounted for in the period in which the service or facilities are provided.

Voluntary income

Donations and gifts are recognised on receipt by the charity. Legacies are recognised when there is reasonable assurance of their receipt and the amount is known. Amounts received for activities restricted by the wishes of the donor are held in restricted funds.

Resources expended

Resources expended are accounted for on an accruals basis. Overhead and other costs are allocated to relevant categories by management.

Governance costs comprise all costs associated with constitutional and statutory requirements. These include House Council expenses, professional advice and external audit costs.

The irrecoverable element of VAT is included within administrative overheads.

Tangible fixed assets

Land is stated at cost. Buildings and equipment are stated at fair value. Items less than £500 are charged to the income and expenditure account as incurred.

Under FRS 102, the Society has elected to use the fair value of freehold properties as a 'deemed cost'. The valuation was undertaken by an independent firm of Chartered Surveyors on 27 July 2016 on the basis of open market value on existing use.

The Society of St Stephen's House
Statement of Accounting Policies
For the year ended 30 June 2021

Finance costs incurred to fund the improvements to the property have been capitalized. The amount included in the cost of the freehold property is shown in the notes to the financial statements.

Depreciation

Significant fixed assets are capitalised and depreciated over their estimated useful lives.

The depreciation rates applied are as follows:

Freehold property	2% straight line
Fixtures, fittings and equipment	5% - 33.33% straight line

Gifted assets

Gifts of significant fixed assets are capitalised and included in the appropriate fixed asset category. The value of such assets is included in income in the period in which the gift is received.

Investments

Listed investments are valued at the middle of the bid and offer price but if only one of these is available then that price is used. Unrealised gains or losses as shown in the Statement of Financial Activities are credited or debited to the relevant fund. Income from investments is recognised when the charity becomes entitled to it. Current asset investments are held for the short term and may be realised should the need arise.

Investment properties are stated at the market value at the balance sheet date. The Statement of Financial Activities shows net investment gains and losses arising from revaluation of the investment portfolio and disposals throughout the year.

Pension schemes

The Society participates in the Church of England Funded Pension Scheme and the Church of England Defined Benefits Scheme, part of the Church Workers Pension Fund.

The costs of retirement benefits provided to employees of the Society through the multi-employer defined pension schemes are accounted for as if these were defined contribution schemes as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The Society's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

In addition, a liability is recognised at the balance sheet date for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

The Society also participates in the University of Oxford Staff Pension Scheme. These schemes are hybrid pension schemes, providing defined benefits (for members), as well as defined contribution benefits.

The assets of the schemes are each held in a separate trustee-administered fund. Because of the mutual nature of the schemes, the assets are not attributed to individual Colleges and scheme-wide contribution rates are set. The Society is therefore exposed to actuarial risks associated with other Universities and College employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "Employee benefits", the Society therefore accounts for the schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the profit and loss account represents the contributions payable to each scheme. Since the Society has entered into agreements (the Recovery Plans) that determine how each employer within the schemes will fund the overall deficit, the Society recognises a liability for the contributions payable that arise from the agreements (to the extent that they relate to the deficit) and therefore an expense is recognised.

The Society of St Stephen's House
Statement of Financial Activities
(including Income and Expenditure account)
For the year ended 30 June 2021

		Unrestricted Funds	Restricted Funds	2021 Total	Restated 2020 Total
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM:					
Charitable activities					
Teaching, research and residential	1	663,450	-	663,450	865,757
Donations and legacies	2	175,874	39,500	215,374	492,348
Investments					
Investment income	3	16,317	6,514	22,831	29,874
Other income					
Concert and other event income		29,457	-	29,457	90,680
Other rents		87,459	-	87,459	174,212
Total income		972,556	46,014	1,018,570	1,652,871
EXPENDITURE ON:					
Charitable activities					
Teaching, research and residential	4	1,280,092	44,155	1,324,247	1,464,596
Generating funds					
Fundraising	4	43,147	-	43,147	23,230
Other expenditure	4	10,858	-	10,858	69,392
Total Expenditure	4	1,334,097	44,155	1,378,252	1,557,218
Net Income/(Expenditure) before gains		(361,540)	1,859	(359,681)	95,653
Net gains/(losses) on investments	9	85,834	-	85,834	(105,168)
Net Income/(Expenditure)		(275,707)	1,859	(273,848)	(9,515)
Transfers between funds	13	(12,929)	12,929	-	-
Other recognised gains/losses					
Gains/(losses) on revaluation of fixed assets		357,456	-	357,456	-
Actuarial gains/(losses) on defined benefit pension schemes		-	-	-	-
Net movement in funds for the year		68,820	14,788	83,608	(9,515)
Fund balances brought forward	13	16,062,377	280,441	16,342,818	16,352,333
Funds carried forward at 30 June		16,131,197	295,229	16,426,426	16,342,818

The Society of St Stephen's House
Balance Sheet
As at 30 June 2021

Company Registration Number: 11199178

	Notes	2021 £	Restated 2020 £
FIXED ASSETS			
Tangible assets	7	17,637,673	17,538,791
Property investments	8	994,252	994,252
Other Investments	9	521,992	436,159
Total Fixed Assets		19,153,917	18,969,202
CURRENT ASSETS			
Stocks		3,782	4,181
Debtors	10	108,696	137,894
Cash at bank and in hand		528,891	576,686
Total Current Assets		641,369	718,761
LIABILITIES			
Creditors: Amounts falling due within one year	11	(378,558)	(825,455)
NET CURRENT ASSETS / (LIABILITIES)		262,811	(106,694)
TOTAL ASSETS LESS CURRENT LIABILITIES		19,416,728	18,862,508
CREDITORS: falling due after more than one year	12	(2,788,653)	(2,298,653)
NET ASSETS BEFORE PENSION ASSET OR LIABILITY		16,628,075	16,563,855
Defined benefit pension scheme liability	18	(201,649)	(221,037)
TOTAL NET ASSETS		16,426,426	16,342,818
FUNDS OF THE SOCIETY			
Restricted funds		295,229	280,441
Unrestricted funds			
Designated funds		1,152,643	1,009,893
General funds		3,207,491	3,454,553
Revaluation reserve		11,972,712	11,818,968
Pension reserve	18	(201,649)	(221,037)
		16,426,426	16,342,818

The financial statements were approved and authorised for issue by the House Council of The Society of St Stephen's House on 19.11.21

+ Martin Cresser:

Bishop of Chichester

Chairman

The Society of St Stephen's House
Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021 £'000	2020 £'000
Net cash provided by (used in) operating activities	19	<u>(64,647)</u>	<u>300,284</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		22,831	29,874
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(5,977)	(16,240)
Purchase of investment property		-	-
Proceeds from sale of investments		-	-
Purchase of investments		-	-
		<u>16,854</u>	<u>13,634</u>
Cash flows from financing activities			
Repayments of borrowing		(500,000)	(10,000)
Cash inflows from new borrowing		500,000	-
Net cash provided by (used in) financing activities		<u>-</u>	<u>(10,000)</u>
 Change in cash and cash equivalents in the reporting period		 <u>(47,793)</u>	 <u>303,918</u>
 Cash and cash equivalents at the beginning of the reporting period		 576,685	 272,768
 Change in cash and cash equivalents due to exchange rate movements		 -	 -
 Cash and cash equivalents at the end of the reporting period	20	 <u>528,891</u>	 <u>576,686</u>

The Society of St Stephen's House
Notes to the financial statements
For the year ended 30 June 2021

1 INCOME FROM CHARITABLE ACTIVITIES

	2021 £	2020 £
Teaching, Research and Residential		
Unrestricted funds		
Fees received	334,390	343,350
Student rent	325,502	362,045
Educational summer schools/conferences	3,557	160,362
	<u>663,450</u>	<u>865,757</u>
Total Teaching, Research and Residential	<u>663,450</u>	<u>865,757</u>

2 DONATIONS AND LEGACIES

	2021 £	2020 £
Donations and Legacies		
Unrestricted funds	175,874	419,116
Restricted funds	39,500	73,232
	<u>215,374</u>	<u>492,348</u>

3 INVESTMENT INCOME

	2021 £	2020 £
Dividends and interest		
Unrestricted funds	16,317	13,662
Restricted funds	6,514	16,212
	<u>22,831</u>	<u>29,874</u>

4 ANALYSIS OF EXPENDITURE

	Unrestricted Funds	Restricted Funds	2021 £	2020 £
Charitable expenditure				
Teaching, research and residential:				
Academic*	320,470	42,155	362,625	249,872
Premises	461,968	2,000	463,968	564,761
Catering	93,984		93,984	112,655
Property loan interest and loan break costs	25,769		25,769	25,676
Educational support	369,392		369,392	502,326
Bank charges	1,258		1,258	1,774
Bad debts	-		-	582
Governance costs	7,250		7,250	6,950
Total charitable expenditure	<u>1,280,092</u>	<u>44,155</u>	<u>1,324,247</u>	<u>1,464,596</u>
Expenditure on raising funds				
Fundraising	43,147		43,147	23,230
Total expenditure on raising funds	<u>43,147</u>	<u>-</u>	<u>43,147</u>	<u>23,230</u>
Expenditure on raising funds				
Other rental costs	1,523		1,523	19,875
Concert and other event costs	9,335		9,335	49,517
Total expenditure on raising funds	<u>10,858</u>	<u>-</u>	<u>10,858</u>	<u>69,392</u>
Total expenditure			<u>1,378,252</u>	<u>1,557,218</u>

The 2020 resources expended of £1,557,210 represented £1,502,631 from unrestricted funds, £54,587 from restricted funds.

* These costs include the overall movement on the pension deficit during the year which has decreased by £19,388 (2020: £70,214 increase) across the three pension schemes.

5 ANALYSIS OF GOVERNANCE COSTS

	2021 £	2020 £
Governance costs comprise:		
Auditor's remuneration - audit services	4,250	4,100
Auditor's remuneration - other services	3,000	2,850
Other governance costs	-	-
	<u>7,250</u>	<u>6,950</u>

No amount has been included in governance costs for the direct employment costs or reimbursed expenses of the Trustees on the basis that these payments relate to the Trustees involvement in the Society's charitable activities. Details of the remuneration of the Trustees and their reimbursed expenses are included as a separate note within these financial statements.

The Society of St Stephen's House
Notes to the financial statements
For the year ended 30 June 2021

6 STAFF COSTS

	2021 £	2020 £
The aggregate staff costs for the year were as follows.		
Salaries and wages	475,090	487,893
Social security costs	32,819	34,295
Pension contributions	107,286	104,039
Pension deficit repayments	23,802	27,812
	<u>638,997</u>	<u>654,039</u>
The average number of employees of the Society, excluding Trustees, was as follows.		
	2021	2020
Total	<u>23</u>	<u>26</u>
The average number of employees of the Society, excluding Trustees, on a full time equivalent basis was as follows.		
	2021	2020
Total	<u>10</u>	<u>13</u>
No employee received more than £60,000 during the year.		

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At start of year	18,798,683	743,233	19,541,916
Additions	-	5,977	5,977
Disposals	-	-	-
At end of year	<u>18,798,683</u>	<u>749,210</u>	<u>19,547,893</u>
Depreciation and impairment			
At start of year	1,186,489	459,180	1,645,669
Depreciation charge for the year	203,712	60,843	264,555
Depreciation on disposals	-	-	-
At end of year	<u>1,390,201</u>	<u>520,023</u>	<u>1,910,224</u>
Net book value			
At end of year	<u>17,408,482</u>	<u>229,187</u>	<u>17,637,673</u>
At start of year	<u>17,612,194</u>	<u>284,053</u>	<u>17,896,247</u>

On 27 July 2016 external valuers Carter Jonas, Chartered Surveyors and Property Consultants, valued the freehold property at £17,658,226. Their valuation was prepared in accordance with the R.I.C.S. Appraisal and Valuation Standards. For accounting purposes, the valuation was not deemed to be materially different to the value as at 30 June 2014, and hence was used to restate cost as at that date.

The historical cost of freehold land and buildings as at 30 June 2021 is £5,069,113.

The cost of freehold land and buildings includes finance costs capitalised of £62,850.

8 PROPERTY INVESTMENTS

	2021 Total	2020 Total
Valuation at start of year	994,252	994,252
Additions and improvements at cost	-	-
Disposals	-	-
Revaluation gains/(losses) in the year	-	-
Valuation at end of year	<u>994,252</u>	<u>994,252</u>

The Society of St Stephen's House
Notes to the financial statements
For the year ended 30 June 2021

9 OTHER INVESTMENTS

All investments are held at fair value.

	2021 £	2020 £
Fixed asset investments		
Valuation at start of year	436,158	541,326
New money invested	-	-
Increase/ (Decrease) in value of investments	85,834	(105,168)
Fixed asset investments at end of year	521,992	436,158

10 DEBTORS

	2021 £	2020 £
Amounts falling due within one year:		
Amounts receivable	58,915	52,529
Other debtors	49,781	85,365
	108,696	137,894

11 CREDITORS: falling due within one year

	2021 £	2020 £
Amounts payable	189,617	195,411
Taxation and social security	7,242	11,524
Other creditors	171,699	108,520
Other loans	10,000	510,000
	378,558	825,455

The £500,000 short term loan represented a three year bank loan facility falling due on 12 December 2020. This was refinanced with a new facility falling due in December 2023.

The other loans balance of £10,000 represents the final four instalments of a £50,000 loan from the Church of England, at a rate of 1% over the CBF rate, to fund improvements for disabled access.

12 CREDITORS: falling due after more than one year

	2021 £	2020 £
Church Commissioners Equity Sharing Loan	1,158,774	1,158,774
ACOCF loan	1,129,879	1,129,879
Bank loans	500,000	-
Other loans	-	10,000
	2,788,653	2,298,653

An equity sharing loan of £167,000 was advanced by the Church Commissioners to fund 90.6% of the purchase of 36 James Street, Oxford. (The initial interest rate was 3% and moves annually in line with RPI.) The amount repayable upon the sale of the property is the greater of £167,000 and 90.6% of the sale value. The market value of the property is £1,279,000 and hence the fair value of the loan is £1,158,774. The fair value of the loan where greater than £167,000 is therefore by definition at all times fully offset by the associated asset and does not affect the net asset value of the Society.

The ACOCF loan is a long term loan of £67,191, at a rate of 0.1% interest per annum secured on part of the property at 16 Marston Street, Oxford. On repayment, there is an additional equity share element to repay, being 33.6% of any increase in the value of the asset. This agreement was incorporated into a legal charge in the current financial year and hence the loan has now been included in the financial accounts at the fair value of £1,129,879. The value of the associated asset has also been included at undepreciated fair value.

The Handelsbanken bank loan, at a fixed rate of 2.23% interest per annum, was taken out in December 2020 to fund the re-finance of 23 James Street, Oxford. The loan payment date has been renegotiated to a 3 year period and therefore is due for repayment on 7 December 2023.

The Society of St Stephen's House
Notes to the financial statements
For the year ended 30 June 2021

13 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 July 2020 £	Incoming resources £	Resources expended £	Transfers £	Gains/ (losses) £	At 30 June 2021 £
Restricted Funds						
Community of The Servants of the Cross	179,096	6,514	(30,155)	12,929	-	168,384
M Ramsey Fund	3,988	-	-	-	-	3,988
The Organ Fund	32,175	-	-	-	-	32,175
The Armorial Fund	10,100	-	-	-	-	10,100
The Pye Settlement	5,000	2,000	(2,000)	-	-	5,000
Benson Scholarship Fund	-	12,000	(12,000)	-	-	-
Summer School Fund	6,426	-	-	-	-	6,426
The Society of St Stephen's House (1177459-1)	-	-	-	-	-	-
USA – St Stephen's House 'In Residence'	12,500	500	-	-	-	13,000
USA – Fund for Study Leave	15,000	-	-	-	-	15,000
USA – Fund for Graduate Studentships	16,156	25,000	-	-	-	41,156
Total Restricted Funds	280,441	46,014	(44,155)	12,929	-	295,229
Unrestricted Funds						
Designated funds	1,009,893	58,811	-	83,939	-	1,152,643
General funds	3,454,553	-	(143,681)	(103,382)	-	3,207,490
Revaluation reserve	11,818,968	357,456	(203,712)	-	-	11,972,712
Pension reserve	(221,037)	19,388	-	-	-	(201,649)
Total Unrestricted Funds - Group	16,062,377	435,655	(347,393)	(19,443)	-	16,131,196
Total Funds	16,342,818	481,669	(391,548)	(6,514)	-	16,426,426

14 FUNDS OF THE SOCIETY DETAILS

The following is a summary of the origins and purposes of each of the Funds

Restricted Funds:

M Ramsey Fund	To fund an overseas student.
The Organ Fund	For the replacement of the Church organ.
The Armorial Fund	To fund armorial branding for the Society of St. Stephen's House charitable company.
Community of The Servants of the Cross Fund	The capital and income of this Fund to be applied towards the funding of a scholarship for a student studying at St Stephen's House Oxford to be known as 'Community of the Servants of the Cross or CSC or JM Neale Scholarship' or to a Tutorial Fellowship at The House, to be known as 'Community of the Servants of the Cross or CSC or JM Neale Fellowship'.
The Pye Settlement	A £2,000 donation for each of 10 years to fund work carried out in the Church, and an additional £5,000 grant in this financial year towards the installation of a gate.
Benson Scholarship Fund	The Benson Scholarship is a bursary fund for an ordinand or potential ordinand funded by the Fellowship of St. John the Evangelist.
Summer School Fund	Funds donated to support the Society educational summer school programme.
The Society of St Stephen's House (1177459-1)	The assets and liabilities of the unincorporated charity The Society of St Stephen's House (1177459-1) were transferred to the charitable company by deed of transfer on 1st July 2018.
USA – St Stephen's House 'In Residence'	To fund the delivery of bespoke teaching by academics from St Stephen's House in host parishes or institutions across the United States.
USA – Fund for Study Leave	To fund clergy, academics, students, postulants and others from the United States for study leave or sabbaticals at St Stephen's House.
USA – Fund for Graduate Studentships	To enable US students to study at St Stephen's House for Oxford University postgraduate degrees in Theology and Religion.

Designated Funds

The Appeal Fund	To fund the charitable purposes of The Society of St. Stephen's House.
The 1876 Society	A membership society for alumni, friends and supporters of St Stephen's House, with the aim of providing a community of stewardship to help support the work and future of the College. All membership fees are held in The Appeal Fund.

The Society of St Stephen's House
Notes to the financial statements
For the year ended 30 June 2021

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2021 Total £
Tangible fixed assets	17,637,673	-	-	17,637,673
Property investments	-	994,252	-	994,252
Other investments	-	353,608	168,384	521,992
Net current assets/(liabilities)	(168,817)	304,783	126,845	262,811
Long term liabilities	(2,288,653)	(500,000)	-	(2,788,653)
Pension scheme liabilities	(201,649)	-	-	(201,649)
	<u>14,978,554</u>	<u>1,152,643</u>	<u>295,229</u>	<u>16,426,426</u>

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2020 Total £
Tangible fixed assets	17,538,791	-	-	17,538,791
Property investments	-	994,252	-	994,252
Other investments	-	257,063	179,096	436,159
Net current assets	33,383	(241,422)	101,345	(106,694)
Long term liabilities	(2,298,653)	-	-	(2,298,653)
Pension scheme liabilities	(221,037)	-	-	(221,037)
	<u>16,115,172</u>	<u>1,009,893</u>	<u>280,441</u>	<u>16,342,818</u>

16 TRUSTEES' REMUNERATION

Neither the trustees nor persons connected with them received any remuneration from the Society, except as below.

Expenses for travel to meetings of £68 (2020: £536) and officers insurance of £2,480 plus insurance premium tax (2020: £2,480) have been paid by the Society during the year.

The Principal and staff representative on the Council are trustees of the Society but receive remuneration only for their academic roles. The amounts involved are:

	2021 £	2020 £
Principal	44,853	43,472
Staff representative	41,191	40,519

Remuneration is calculated as gross pay and employer pension contributions.

17 KEY MANAGEMENT REMUNERATION

The total remuneration paid to key management was £167,516 (2020: £108,086).

Remuneration is calculated as gross pay, employer pension contributions and employer national insurance contributions.

Key management are considered to be the Principal, Vice Principal and the Bursar (2020 - The Principal and The Bursar).

The Society of St Stephen's House
Notes to the financial statements
For the year ended 30 June 2021

18 PENSION SCHEMES

Church of England Funded Pensions Scheme

The Society of St Stephen's House participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £45,500 for 2021 (2020: £37,787).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter* of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contribution	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	10,000	68,000
Deficit contribution paid	-8,000	-10,000
Interest cost (recognised in SOFA)	-	1,000
Remaining change to the balance sheet liability* (recognised in SOFA)	11,000	-49,000
Balance sheet liability at 31 December	13,000	10,000

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2020	December 2019	December 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.3% pa	1.6% pa

The legal structure of the scheme is such that if another Responsible Body fails, The Society of St Stephen's House could become responsible for paying a share of that Responsible Body's pension liabilities.

The Society of St Stephen's House
Notes to the financial statements
For the year ended 30 June 2021

18 PENSION SCHEMES (CONTINUED)

Church Workers Pension Fund

The Society of St Stephen's House (DBS) participates in the Defined Benefits Scheme section of CWPFF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year of £20,427 for 2021 (2020: £15,657) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA.

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 41.2% of pensionable salary and expenses of £3,300 per year. In addition deficit payments of £24,512 per year have been agreed for 7.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020	2019
Balance sheet liability at 1 January	136,000	142,000
Deficit contribution paid	-25,000	-25,000
Interest cost (recognised in SoFA)	2,000	3,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-10,000	16,000
Balance sheet liability at 31 December	103,000	136,000

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2020	December 2019	December 2018
Discount rate	0.40%	1.30%	2.10%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

18 PENSION SCHEMES (CONTINUED)

University Pension Scheme

The Society contractually enrolls its administrative staff in the University of Oxford Staff Pension Scheme (OSPS). The assets of the scheme are held in separate trustee-administered funds. The OSPS scheme is a contributory mixed benefit schemes (i.e. they provide benefits on a defined benefit basis - based on length of service and pensionable salary and on a defined contribution basis - based on contributions into the scheme). OSPS is a multi-employer scheme and the Society is unable to identify its share of the underlying assets and liabilities relating to defined benefits of the scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, the company accounts for the scheme as if it were a defined contribution schemes. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period. In the event of the withdrawal of any of the participating employers in OSPS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

Actuarial valuations

Qualified actuaries periodically value the OSPS scheme using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in the scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results were:

Date of valuation: 31/03/19
Date valuation results published: 19/06/2020
Value of liabilities: £848m
Value of assets: £753m
Funding surplus / (deficit): (£113m)

Principal assumptions:

- Discount rate: Gilts +0.5%- 2.25% a
- Rate of increase in salaries: RPI
- Rate of increase in pensions: Average RPI/CPI pa b

Assumed life expectancies on retirement at age 65:

- Males currently aged 65: 21.7 yrs
- Females currently aged 65: 24.4 yrs
- Males currently aged 45: 23.0 yrs
- Females currently aged 45: 25.8 yrs

Funding Ratios:

- Technical provisions basis: 87%
- Statutory Pension Protection Fund basis: 74%
- 'Buy-out' basis: 60%

Employer contribution rate (as % of pensionable salaries): 19%

Effective date of next valuation: 31/03/22

a. The discount rate for the OSPS valuation was:

Pre-retirement: Equal to the UK nominal gilt curve at the valuation date plus 2.25% p.a. at each term.
Post-retirement: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

b. Increases to pensions in payment for the OSPS valuation were:

RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. at each term. CPI inflation is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019).

For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time.

c. The OSPS employer contribution rates include provisions for the cost of future accrual of defined benefits, deficit contributions, administrative expenses and defined contributions.

Sensitivity of actuarial valuation assumptions

Surpluses or deficits which arise at future valuations may impact on the Society's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	OSPS Change in assumption	Impact on OSPS technical provisions
Valuation rate of interest	decrease by 0.25%	increase by £45m
RPI	increase by 0.25%	increase by £40m

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18 PENSION SCHEMES (CONTINUED)

Deficit Recovery Plans

In line with FRS 102 paragraph 28.11A, the Society has recognised a liability for the contributions payable for the agreed deficit funding plan. The principle assumptions used in these calculations are tabled below:

OSPS

Finish Date for Deficit Recovery Plan	30/06/28
Average staff number increase	-
Average staff salary increase	2.00%
Average discount rate over period	0.74%
Effect of 0.5% change in discount rate	£1,948
Effect of 1% change in staff growth	£4,004

A provision of £98,920 has been made at 31 July 2021 (2020 £92,173) for the present value of the estimated future deficit funding element of the contributions payable under these agreements, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

Pension charge for the year

The pension charge recorded by the Society during the accounting period (excluding pension finance costs) was equal to the contributions payable after allowance for the deficit recovery plan as follows:

Scheme	2021	2020
	£	£
Church of England Funded Pensions Scheme	45,500	37,787
Church Workers Pension Fund	20,427	15,657
University Pension Scheme	41,359	50,595
Total	107,286	104,039

Included in other creditors are pension contributions payable of £nil (2020: £nil).

**19 RECONCILIATION OF NET INCOMING RESOURCES TO
NET CASH FLOW FROM OPERATIONS**

	2021 £	2020 £
Net Income/(expenditure)	(273,848)	(9,515)
Elimination of non-operating cash flows:		
Investment income	(22,831)	(29,874)
(Gains)/losses in investments	(85,834)	105,168
Depreciation	264,555	343,341
Decrease/(increase) in stock	399	(571)
Decrease/(increase) in debtors	29,198	14,102
(Decrease)/increase in creditors	43,103	(52,153)
(Decrease)/increase in pension creditors	(19,389)	(70,214)
Net cash provided by (used in) operating activities	(64,647)	300,284

20 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	528,891	576,686
Total cash and cash equivalents	528,891	576,686

21 RELATED PARTY TRANSACTIONS

During the year donations were received by the charity from trustees and related parties totalling £420 (2020: £175,420).

There were no other related party transactions in the year (2020: no transactions) except for the Trustee transactions disclosed in note 16.

22 CONTINGENT LIABILITIES

On 17 July 2006 a grant to The Society of St Stephen's House of £32,000 originally made by The Central Board of Finance of the Church of England was assigned to The Archbishops' Council.

The grant is repayable if The Society of St Stephen's House ceases to be recognised for ordination training by the House of Bishops.

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23 2020 STATEMENT OF FINANCIAL ACTIVITIES COMPARATIVE

	Unrestricted Funds £	Restricted Funds £	2020 Total £
INCOME AND ENDOWMENTS FROM:			
Charitable activities			
Teaching, research and residential	865,757	-	865,757
Donations and legacies	419,116	73,232	492,348
Investments			
Investment income	13,662	16,212	29,874
Other income			
Concert and other event income	90,680	-	90,680
Other rents	174,212	-	174,212
Total income	1,563,427	89,444	1,652,871
EXPENDITURE ON:			
Charitable activities			
Teaching, research and residential	1,410,009	54,587	1,464,596
Generating funds			
Fundraising	23,230	-	23,230
Other expenditure	69,392	-	69,392
Total Expenditure	1,502,631	54,587	1,557,218
Net Income/(Expenditure) before gains	60,796	34,857	95,653
Net gains/(losses) on investments	(44,887)	(60,281)	(105,168)
Net Income/(Expenditure)	15,909	(25,424)	(9,515)
Transfers between funds	-	-	-
Other recognised gains/losses			
Gains/(losses) on revaluation of fixed assets	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes	-	-	-
Net movement in funds for the year	15,909	(25,424)	(9,515)
Fund balances brought forward	17,109,156	305,865	17,415,021
Funds carried forward at 30 June	17,125,065	280,441	17,405,506

