



The Society for Promoting Christian Knowledge

Charity Registration Number: 231144

Consolidated Financial Statements

for the year ended 30 April 2021

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A Message from the Chair

SPCK's vision is a world where everyone is transformed by Christian knowledge.

Yet most people's memory of 2020-21 will be of a world where everything was transformed by the Covid-19 pandemic. At SPCK we had a choice of how to handle the Covid-19 storm. Should we batten down the hatches and hope to come out on the other side? Or should we keep our sails up, sailing through the storm faster than ever? We prayerfully chose the latter, which brought both challenges and opportunities.

In terms of challenges, at SPCK I have often spoken about the need for us to build a winning culture, and a key to that is adaptability. Covid-19 tested every aspect of what we do as SPCK, and forced our team to adapt – something which is difficult enough in easy times. We adapted to the enforced closure of our offices, with a rapid shift of our team and processes to remote working; we adapted to the closure of churches by working harder than ever to reach people directly, including with the reach of our new Home Groups website at www.HomeGroups.org.uk; and we adapted to the closure of the high street by working harder than ever to get books out to people through digital and online channels.

In terms of opportunities, Covid-19 has accelerated change in the UK's Christian publishing world. Increasingly, publishers need both scale and skills to survive, as well as strong finances. In late April, we announced SPCK's upcoming acquisition of Lion Hudson's publishing, which brings together the UK's leading adult Christian publisher with its leading children's Christian publisher. This is a huge and visionary step by both organisations, excited by the opportunity to create a globally significant Christian publisher which will be a part of people's Christian journey throughout their lives.

The 2020-21 annual report takes you through this remarkable year in the life of SPCK. Thank you for your prayers, donations, purchases and encouragement along the way.

A handwritten signature in black ink, which appears to read 'James Catford'.

James Catford, Chair

A Message from the CEO

SPCK's mission is to lead the way in creating books and resources which help everyone to make sense of faith.

But how do we know if we are leading the way? It has been great to see our team's efforts recognised this year on both sides of the Atlantic. In the UK, we were shortlisted for 2020 Independent Publisher of the Year at the British Book Awards, and we got our first book into the Sunday Times Bestsellers for over a decade with *Living His Story* by Hannah Steele. In the US, two of our titles won their categories in the 2021 Christian Book Awards: *The New Testament in Its World* by N T Wright and Michael F Bird won Bible Reference Work of the Year; and *Extraordinary Women of the Bible*, written by Michelle Sloan and illustrated by Summer Macon, won Children's Book of the Year.

How else have we been leading the way? The launch of our new Home Groups website at www.HomeGroups.org.uk is a major step for us in creating a platform to engage with key audiences and to support an increasingly important and fast-changing church ministry. And our acquisition of Lion Hudson's publishing cements our position as the UK's leading Christian publisher and positions us for exciting growth in global markets – where around the world there are growing numbers of Christians, growing numbers of people who can read, and growing numbers of people who can afford books.

Our team achieved all of the above against the background of Covid-19. While many secular publishers have seen record results over the crisis, Christian publishers have been suffering due to the importance of churches and independent bookshops to our marketing and sales. Despite our best efforts, SPCK was no exception, and our publishing took a significant financial hit over the year as we mostly resisted the temptation of furlough to ensure we could continue to get books to readers. But thanks to your prayers and to a rebound in our investments, we actually finished the year in the black as an organisation.

Those prayers will be more appreciated than ever in the coming year, as we integrate Lion Hudson and SPCK to create a Christian publisher which will lead the way for the coming decade whatever that looks like.

A handwritten signature in black ink, appearing to read 'Sam Richardson'.

Sam Richardson, Chief Executive

Trustees' report (incorporating the Group Strategic Report)

The Society's accounts for the year ended 30 April 2021 have been prepared under the Charities Act 2011 and in accordance with the Charities Statement of Recommended Practice (Charities SORP 2015 FRS 102) and Financial Reporting Standard 102 (FRS 102).

Objectives and Activities

Objects

SPCK's objects are to promote Christian knowledge in any part of the world by such means, including the furtherance of education at all levels, as the Society may from time to time think fit, in accordance with the principles of the Church of England in promoting the learning, ministry, fellowship, witness and worship of that Church, or any Church or other Christian body with which the Churches of the Anglican Communion seek or may seek to co-operate.

Public Benefit

The trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit. The charitable purpose for the charity within the meaning of the Act is enshrined within its objects.

The Society's activities relate directly to our charitable aims and objects. Our programmes bring benefit to all parts of the world, and we do not seek to limit our activities to a narrow focus. We operate as a publisher of books and resources in both physical and digital form, providing some materials free of charge to the end-user under our charitable programmes. The information we produce is aimed at a very wide spectrum of readers, recipients and consumers, including people who are only potentially interested in Christianity, as well as those on its fringes, in addition to those who are actively involved in church life. Our offerings include material for children as well as for adults.

Trusts Managed by the Society

Bray Funds – SPCK manages a number of historic endowed trusts. Following an exercise with the Charity Commission, the income from all of these may now be spent in line with SPCK's general purposes, although we have adopted a policy of allocating it towards UK projects and overseas projects. These trusts remain as sub-charities within SPCK and include Becker Trust, H. M. Bliss Trust, Clericus Fund, Crawford Trust, Bishop John Charles Jones Trust, Palmer Trust, Piercy Trust, H. C. Richards Fund, St Augustine's Fund, Bray Charity, and D'Allone Educational Foundation.

Structure, Governance and Management

Governance

SPCK is administered by a Governing Body of unpaid members, acting as trustees, who serve alongside paid executives on management committees which oversee the activities of the charity under delegated authority. The Chief Executive is responsible to the Governing Body

for the overall administration of the Society and for ensuring that Governing Body policy is carried out.

Committees

The main SPCK committees during 2020-21 were:

- Board Support Group (also acts as Governing Body Membership Committee)
- Audit Committee (also acts as Investment Sub-Committee)
- Publishing Committee

The responsibilities of the first two committees and oversight of the executive functions are defined in Standing Orders. Each committee reports to the Governing Body, which approves major decisions and has overall responsibility for all SPCK's activities.

Trustee Selection, Appointment and Competence

The Governing Body of trustees is elected at the Annual General Meeting by members of the Society from among their number, following submission of nominations not later than 21 days in advance of the meeting. Members are elected for three-year terms of office and may be re-elected up to a maximum period of nine years. In addition to its elected members, the Governing Body may co-opt up to six of the Society's members or Vice-Presidents to serve on the Governing Body.

New trustees receive a comprehensive induction pack to acquaint them with SPCK's aims and activities, policies and practices, management and governance. Regular updates to this information pack are provided. All trustees are informed of their responsibilities under charity law, with particular reference to Charity Commission guidance publications. Trustees are also encouraged to go on relevant trustee training paid for by SPCK.

TRUSTEES

The members of the Governing Body of SPCK who serve as trustees (including past members who served during the year), and the committees on which the current members serve, are:

James Catford (Chair) – Board Support Group, Audit Committee, Publishing Committee

Sarah Bailey - Publishing oversight, Publishing Committee

Michael Beasley (Vice-Chair) – Board Support Group, Audit Committee

Paul Burrage – Board Support Group, Chair of Audit Committee

Matthew Cashmore – Publishing Committee

Dr Andrew Fergusson - Chair of IVP Publishing Board (retired March 2021)

Sue Halliday - Chair of IVP Publishing Board

Dr David Muir – elected November 2020

Elizabeth Renshaw-Ames - Audit Committee, Pensions oversight

Dr Cathy Ross - Worldwide oversight

Eric Thompson - Audit Committee, Staff/HR oversight

Stephen Tudway - Legal oversight

Matthew van Duyvenbode – elected November 2020

KEY MANAGEMENT PERSONNEL

The key management personnel of the charity are in charge of directing, controlling, running and operating the charity on a day-to-day basis. As such they are considered to be the following:

- Trustees
- Chief Executive

All trustees give their time freely and no trustee received any remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in Note 5 to the financial statements. The pay of senior staff is reviewed annually and normally increased in accordance with average earnings. Salary levels are benchmarked in line with other similar organizations, including other Christian charities and other publishers, and benchmarking is in place within the organization.

People

Patron

Her Majesty The Queen

President

The Most Revd and Right Hon Archbishop of Canterbury

Vice-Patrons

The Bishop of London

The Primates of Ireland, Australia and the USA

The Moderator of the Church of North India

Ex-Officio Vice-Presidents

Archbishops and Bishops of the Anglican Communion who are members of the Society

Elected Vice-Presidents

Mr Paul Chandler

The Ven. Dr William Jacob

Mr LE “Paddy” Linaker

The Revd Canon Michael Moore LVO

The Revd Dr John Polkinghorne KBE, FRS (Deceased 9 March 2021)

The Revd Canon Dr Nicholas Sagovsky

The Revd Sharon Swain

The Rt Revd Lord Williams of Oystermouth

Honorary Life Members

Ian Ferguson

The Revd Canon Alan Wilkinson

Board of Reference

James Catford

Sir Ewan Harper CBE

The Rt Revd Rose Hudson-Wilkin

The Rt Revd Dr Graham Kings

Major General Roddy Porter MBE

The Rt Revd John Pritchard

Dr Elaine Storkey

The Revd John Tattersall

Terry Waite CBE

Professor Frances Young

External Reviewer

Pat Phillips MBE

Legal and administrative details

Identity

The Society for Promoting Christian Knowledge (otherwise known as SPCK) is a registered charity, no. 231144, incorporated under Royal Charter in 1969, with its head office currently at 36 Causton Street, London SW1P 4ST. In January 2005, the Privy Council approved amendments to the Royal Charter Bye-laws to reflect the structural and operating changes which had taken place within the Society during the previous 35 years. Further amendments were made in November 2011 to provide greater flexibility to respond to future changes in ways of working. SPCK is a membership organization, founded on 8 March 1698 to promote Christian knowledge through publishing, lending libraries and schools. The Society has been a publisher and distributor of Christian literature since its inception, and helps to resource theological education and ministry on a worldwide basis. The number of members at 30 April 2021 was 158 (2020: 172).

PRINCIPAL PROFESSIONAL ADVISERS

Auditors	Jacob Cavenagh & Skeet 5 Robin Hood Lane Sutton Surrey SM1 2SW
Bankers	Barclays Bank PLC Floor 27 1 Churchill Place London E14 5HP
Insurance Brokers	Scrutton Bland Fitzroy House, Crown Street, Ipswich, Suffolk, IP13LG
Investment Managers	Sarasin & Partners LLP Juxon House St Paul's Churchyard London EC4M 8BU Newton Investment Management Ltd Bank of New York Mellon Centre 160 Queen Victoria Street London EC4M 4LA M&G Investments Laurence Pountney Hill London EC4R 0HH CCLA Senator House 85 Queen Victoria Street London EC4V 4ET

Pension Administrators

The Church of England Pensions Board
29 Great Smith Street
London SW1P 3PS

Solicitors

Wedlake Bell LLP
71 Queen Victoria Street
London EC4V 4AY

Winckworth Sherwood
16 Beaumont Street
Oxford OX1 2LZ

Achievements and performance

This year we have again picked one project from each month of the year, which together give a good sense of the variety of our work and our impact.

In **May** we published two new titles responding directly to the Covid-19 pandemic. First out of the blocks was IVP, with *Healthy Faith and the Coronavirus Crisis*, a collection of essays edited by Luke Cawley and Kristi Mair looking at Covid-19 from multiple practical perspectives. At the end of the month SPCK followed up with *God and the Pandemic* by Tom Wright, which has since sold over 50,000 copies helping people reflect on the coronavirus and its aftermath. SPCK's President, Archbishop Justin Welby, said, "This is classic Tom Wright. It is accessible to almost anyone asking questions, and yet it manages to be demanding for those who think they know the answers. It is superbly written, utterly Bible based, and leaves one satisfied at having learned and yet wanting to know more. I read it in a sitting with pleasure, provocation and profit."

June saw SPCK send out 3,581 copies of our Diffusion prison fiction books into prisons. Many prison libraries were shut due to social distancing, with one librarian writing back to us "I've been running a mobile library service since the lockdown a few weeks ago. This will be for the foreseeable future until the health crisis is getting better, I would imagine. I can put these books in the mobile library trollies for our prisoners to borrow when I visit their halls on a weekly basis. I can also send some copies to those who have low literacy levels but are too shy to borrow them in person via internal mail." In fact we found that with prisoners stuck in their cells demand for the Diffusion books was higher than ever. One reader from HMP Ranby reported back saying, "I liked the questions at the end of each chapter. I'm 37 years old and it's the first time I've read a book. Thank you."

In **July** SPCK published a new edition of *Is God Colour-Blind*, by Anthony G Reddie. The new edition was hurried out to respond to the Black Lives Matter movement in the light of George Floyd's killing. We also saw a major uplift in sales for a prescient book we had published the previous year, *We Need To Talk About Race* by Ben Lindsay. Both of these books proved to be very prophetic in a turbulent period, which also saw the toppling in Bristol of the statue of Edward Colston, a former SPCK donor. Chief Executive Sam Richardson joined other mission agency CEOs in signing a letter to the *Church Times* in which the mission agencies acknowledged past and present injustices and pledged to play a part in creating a fairer future.

Part of this effort from SPCK is the Africa Theological Network Press initiative, and July also saw the publication of a number of blog pieces by Kyama Mugambi, Editorial Manager of the ATNP. The ATNP is about facilitating African theological writing, and Kyama's videos have had hundreds of views on YouTube by what we hope will be the next generation of authors who can publish with the Press.

August saw a new generation of ordinands preparing to start at theological college. Our partnership with the Clergy Support Trust in providing ordinands and curates with a free app containing all SPCK and IVP titles continues to be one of our most significant strategic relationships as we work together with another forward-thinking organisation to support the formation of the next generation of Anglican church leaders needs. Over 30,000 books have now been read through the app, saving the ordinands supported over half a million pounds.

September saw the publication of *Revolutionary*, a landmark collection of essays on the importance of Jesus edited by the historian Tom Holland. Contributors came from a range of perspectives including Joan E Taylor, Amy-Jill Levine, Terry Eagleton, A N Wilson, Tari Khalidi, Julian Baggini and Rowan Williams. Another popular, but much thinner, multi-author title published in September was *Three Vicars Talking*, the moving and frequently hilarious book accompanying the radio 4 series featuring the Reverends Richard Coles, Giles Fraser and Kate Bottley.

In **October** we published *Still Standing: 100 Lessons from an 'Unsuccessful' Life*, the remarkable memoir of Premier presenter Tola Doll Fisher, described by Jo Saxton as "A memoir of raw honesty and resilient faith." As the UK's last remaining broad-based independent Christian publisher, SPCK remains committed to publishing important debut titles from talented authors so that we can create the next generation of Rowan Williamses and Tom Wrights. On which subject, October also saw the publication of Tom's new book *Broken Signposts*, in which he turned with his characteristic wisdom and insight to the Gospel of John to consider how Christianity makes sense of the world.

November brought a major landmark with the publication by IVP of the second edition of *Systematic Theology* by Wayne Grudem. The previous edition of this book had formed the bedrock of theological understanding for a generation of students and church leaders, and this major update had been a very significant exercise and has been very well received in the United Kingdom and around the world. Terry Virgo, founder of the Newfrontiers family of churches, said, "I know of no other systematic theology that has had such an impact on so many believers. I have personally benefited from it and widely recommend it. Both its accessibility and its thoroughness have served to draw many thousands of believers into serious Bible study. I am delighted to recommend this new edition with its additional material."

December saw the key period for our key Christmas publications, including *Closing Ranks: My Life as a Cop* by Leroy Logan. Leroy's story formed an episode of the Steve McQueen's *Small Axe* series which aired in November and December. John Boyega went on to win a Golden Globe for his portrayal of SPCK author Leroy.

January saw a great deal of confusion as the school term was cancelled for most children on the day before they were due to go back. SPCK's Assemblies website at www.Assemblies.org.uk was there to support teachers and clergy through this challenging time, with over 50,000 unique users a month visiting the site as assemblies were delivered both in-person to the children of key workers and over video technology to the majority who were at home. The Assemblies website remains the number one link when you type assemblies into Google and remains the most trusted partner for primary and secondary schools across the country. For much of the Covid-19 year we were offering special "at home" ideas for the home schooling environment, supported with over sixty specially recorded videos from our children's books which we made available on YouTube.

February saw a major strategic initiative come to fruition, with the launch of the new Home Groups website at www.HomeGroups.org.uk. With hundreds of home group studies and over fifty series compiled by SPCK and IVP authors and partners, the ambition is for HomeGroups.org.uk to do for home groups what Assemblies.org.uk does for assemblies – to become the go-to player in the market where people can no they will find high-quality content whatever their specific needs. The website launched with a big bang, with a wide range of endorsements and the publication of new research from SPCK showing that a third of Christians attend small groups and that churches with small groups are more likely to be growing.

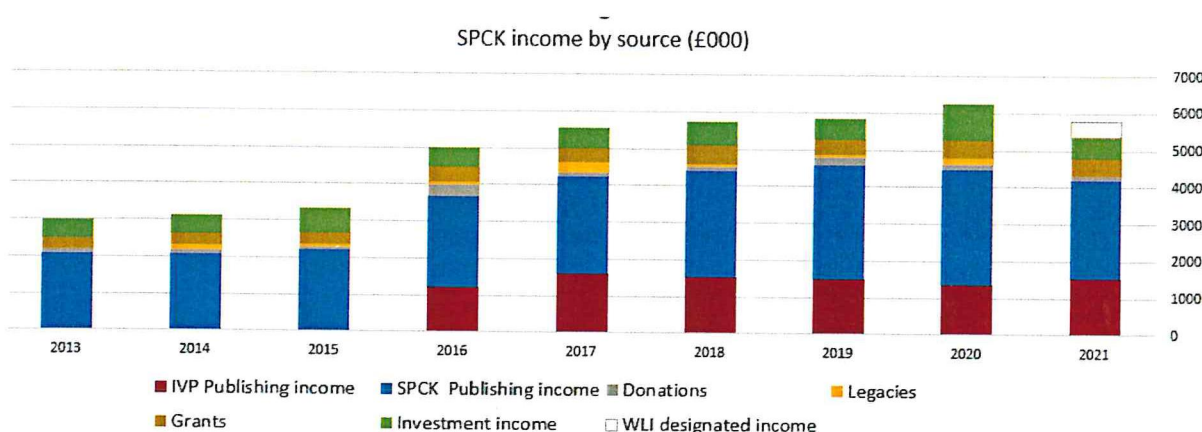
Most of Lent 2021 fell into **March**, and SPCK was blessed to have published a number of significant Lent books, including *Rooted in Love* edited by the Bishop of London. However, it was our partnership on the Archbishop of Canterbury's Lent Book 2021 which saw SPCK secure our first Sunday Times bestseller slot in over a decade, with Hannah Steele's brilliant book *Living His Story*. We were delighted to have worked on a partnership with the Church of England digital team which saw the book supported by the Church of England app and an accompanying physical booklet. But it was word of mouth recommendations which really helped this book reach the next level in terms of sales.

Late in **April**, as the financial year came to an end, we announced news of our impending acquisition of Lion Hudson's publishing. Lion Hudson was the UK's leading Christian publisher for many years, but had fallen into administration in 2017 and had subsequently been stabilised under new ownership. As well as strengthening SPCK's position in the UK market, Lion Hudson has a major business selling rights and co-editions of children's books into over two hundred languages around the world. We are incredibly excited about the opportunity to reinvigorate this important business and ministry, and restructuring the combined organisations so that we can do so efficiently and profitably will be a key objective for 2021-22.

May technically falls outside of the financial year, but it is worth a brief mention of the brilliant new ESV Search the Scriptures Bible published by IVP. IVP's investment in innovative Bible publishing (the ESV Search the Scriptures follows on from the NIV Bible Speaks Today Bible) has been a key part of the way in which IVP has reasserted itself in recent years. We look forward to bringing similar investment and innovation to Lion Hudson's publishing which will enable it to develop a new generation of category-leading products.

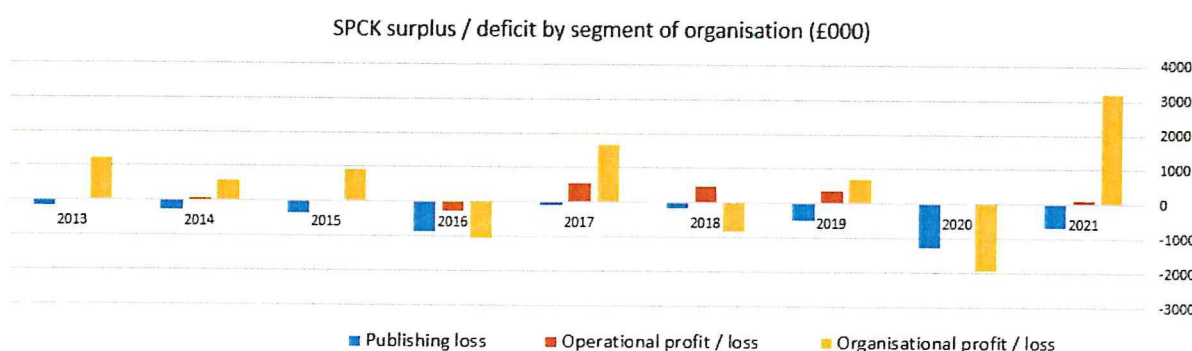
Financial review

The consolidated result shown in the accounts on page 25 shows an increase in funds for the year of £3,200,000 (2020: deficit of £1,917,000), arising primarily from unrealised gains on the revaluation of the Society's investments. For the majority of the year, the publishing market was strongly impacted by Covid-19, and so we saw the end of the six successive years of income growth which had been delivered since the appointment of a new Chief Executive in 2014.



Interestingly, the different publishing imprints were affected very differently by Covid-19. IVP, with its strong bank of reference content which works very well in the digital world, actually saw its income increase from £1,351,000 to £1,532,000. However, SPCK's publishing, which has traditionally done better in Waterstones and cathedral shops, saw a sharp downturn from £3,145,000 to £2,679,000. Overall, publishing income was down from £4,496,000 to £4,205,000. The other income areas of donations and grants were broadly in line with previous years, however legacy income was down by £149,000.

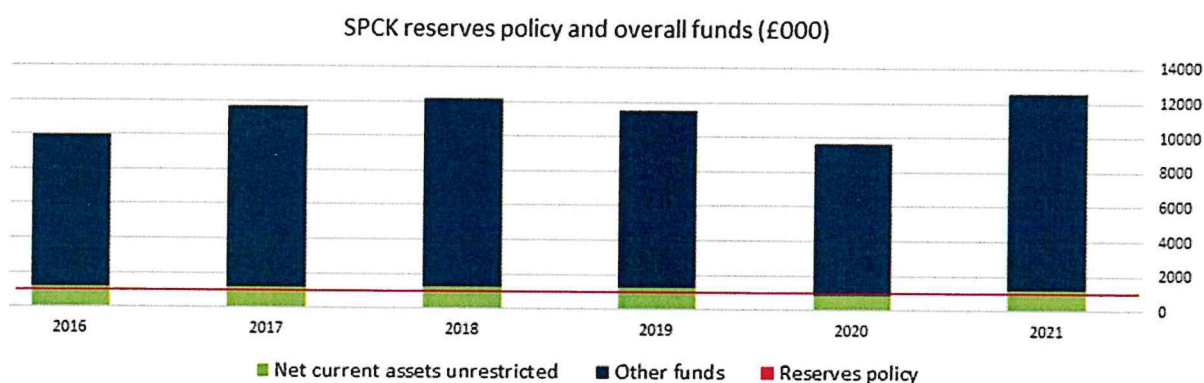
Steps that we took to reduce publishing costs in the light of Covid-19 saw us make £892,000 of savings compared to the previous year in which a number of write-downs had affected profitability severely. Nonetheless, with sales depressed we still saw a loss from publishing of £672,000 once all operating overheads are fully accounted for – the publishing forms the blue box below, and getting this to be profitable for the first time is a key objective from the Lion Hudson merger.



The income we get from our other income streams, including investments, ensured that we did however make an operational surplus (based simply on income less expenditure) of £3,200,000 (2020: Loss £1,917,000) as shown by the orange bars above. For this we are particularly grateful to the William Leech organisations. The Society received £1,216,000 (2020: £1,177,000) in total from William Leech (Investments) Ltd and the William Leech Trusts. This included a special distribution of £400,000, which has been transferred to a designated fund. The Society are, as ever, hugely grateful for the vision and generosity of William Leech and of those who manage his legacy today.

The yellow bar above shows the overall surplus of £3,200,000 which was driven by unrealised increases in the value of SPCK's investments of £2,680,000 (2020: loss in value of £1,960,000).

Cash flow during the year was bolstered after receiving a CBILS loan of £0.6m so generating positive cashflow remains a key objective for the coming year as we seek to repay that. Overall Society assets have recovered to a record high of £12,809,000 (2020: £9,609,000). Our free reserves representing Unrestricted Funds Net Current Assets held on the Group balance sheet stood at £1,173,000. This is line with the minimum level of the reserves policy which targets a £1,000,000-£1,600,000 level as shown by the red line.



Investment policy and performance

The value of the Society's investments at 30 April 2021 was £17,759,000 (2020: £14,852,000). Of this amount, £12,354,000 (2020: £10,334,000) represented the value of shares and cash awaiting investment in William Leech (Investments) Ltd, and £5,405,000 (2020: £4,518,000) the value of other listed investment. Overall, the SPCK portfolio showed an unrealised net gain of £2,680,000 for the year (2020: Loss £1,960,000) this being a direct reflection of market conditions. The Society's investments other than those in William Leech (Investments) Ltd are invested in four separate common investment funds operated by four separate fund managers. The Society's investment portfolio is managed by the trustees, with authority delegated to the Board Support Group if urgent decisions are needed between the scheduled trustee meetings. The trustees review the portfolio periodically, seeking a balance between capital growth and income, setting benchmarks as they consider appropriate, and following the Church of England's ethical investment guidelines.

Over the past year, the market value of the Society's Common Investment Funds increased by 19.6% (2020: 9.4% decrease) during the same period the FTSE All-Share index increased by

22.1% (2020: 19.8% decrease). The income yield for the year from those investments, which excludes William Leech, was 4.8% (2020: 4.3%), which was above the target range set of between 3% and 3.5%. This reflects the lower market value of the shares towards the year end.

The Society owns 20% of the issued share capital of William Leech (Investments) Limited, an investment company which was established for the benefit of five Christian charities. The directors of this company have invested their funds in marketable securities. The trustees of SPCK periodically review the return on assets of the company and associated trusts and consider that the investment is in accordance with the Society's investment strategy and that the diversity of its investment is enough in the context of its risk assessment. In practice, SPCK is not able to influence the investment policy of William Leech (Investments) Limited.

The Society holds such investments to generate a return and has made no social investments. However, these investments are made ethically in line with the Society's Investment Management Policy as set by the Governing Body. The Governing Body has adopted the terms of the Ethical Investment Policy of the Church of England's Ethical Investment Advisory Group as may be revised from time to time.

Reserves

The total funds held by the Society at the end of the reporting period were £12,809,000 (2020: £9,609,000). We have made a provision of £5,502,000 (2020: £5,801,000) for deficit contributions due to the Church Workers' Pension Fund. Many of these funds are endowed or restricted, and therefore the unrestricted funds available to the Society at the end of the reporting period were £3,633,000 (2020: £1,868,000). Much of the unrestricted funds are held by William Leech (Investments) Ltd and would be difficult for the Society to access at short notice. Therefore, the Society defines its freely available reserves as the Unrestricted Funds Net Current Assets held on the Group balance sheet. On this basis, the Society has available reserves of £1,173,000 at the end of the current period (2020: £837,000). The reserves level is in line with the target range of £1,000,000 to £1,600,000, calculated on the basis of six to nine months' staff costs. The trustees have determined that a prudent level of reserves of approximately 6-9 months of expenditure: this level would be required in the event of an orderly winding down the charity. These costs would cover commitments for intellectual property already contracted, not yet delivered or books already in the pipeline of production, such that it could fulfil its contractual obligations to authors, suppliers and staff (in the event of redundancy).

Risk Management

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to manage those risks. The trustees have formalized their risk assessment and risk management process to include a thorough annual review of the risk register compiled and updated in consultation with executive staff. We keep under active review the adequacy of the systems which are in place in the light of changing circumstances. As a result of the significant size of the charity, the trustees delegate

responsibility for day-to-day management to staff, using committees, planning and budgeting procedures, and hierarchical authorization.

The major risk categories and mitigation systems are captured in the Risk Register as follows:

- Governance risks, mitigated by trustee training, trustee skills audits, use of professional advisers, regular meetings of board and committees, and register of disclosed interests.
- Operational risks (included Covid-19), mitigated by Business Continuity Plan, emergency action plans relating to IT issues, notice periods, succession planning and insurance.
- Financial risks, mitigated by financial controls, budgeting, reporting, investment management policy, reserves policy, credit control, and engagement with Church of England Pensions Board supported by professional legal, actuarial and financial advice.
- Legal risks, mitigated by HR and legal advice, staff handbook with regular review, and work with solicitors.
- Reputational risk, mitigated by editorial review process, media training and communications planning.
- Data, technological and compliance risks, mitigated by following best practice in IT and by ensuring staff are fully trained in areas of compliance including GDPR and AML.
- Merger risks, mitigated by additional HR support for the merger, projectisation of the merger to enable tracking of risks and projects, and clear cost savings objectives to be delivered in the short-term.

The trustees are of the view that it is financial risks that have the most potential to have a negative impact on the charity, and the trustees and Audit Committee have noted the following specific risks and mitigations.

- Sales not performing to expectations, resulting in cashflow crisis. Mitigations: Annual budget process, with review against progress in monthly KPIs (shared with the board) and weekly internal meeting; book sales are diversified across a large range of titles, authors and territories (more so following the merger with Lion Hudson); 80% of publishing income is from existing rather than new titles; cashflow KPI shared monthly with Governing Body and backup plans in place including overdraft and release of investments.
- Inability to meet contributions to historic pension liabilities. Mitigations: a new plan agreed with the Church of England Pensions Board (CEPB) in spring 2021, based on the valuation dated 31 December 2019, is affordable to us based on our forecasts; we continue to work hard to engage with CEPB and to use professional advisers to assist us with this and with developing our pensions strategy; in July 2020 we received from William Leech (Investments) Ltd the second of five annual payments of £400,000 to improve our pensions position.
- Macro-economic environment, in particular Brexit and Covid-19, could have an impact on SPCK's investments, pension or income. Mitigations: SPCK regularly reviews its investment management policy (most recently in the November 2018 Governing Body) and currently spreads its investments across three different investment managers, all of whom have instructions to keep a portfolio with a spread across both

geography and asset types; encourage measures to reduce volatility in the pension deficit; SPCK is taking significant steps to increase the international scope of its work so that we are less reliant on the UK economy.

Any of the aforementioned could have a potential impact on SPCK's reserves. Currently the Society's freely available reserves (defined as Unrestricted Funds Net Current Assets held on the Group balance sheet) of £1,173,000 (2020: £837,000) which is in line with the targeted amount of £1,000,000 to £1,600,000. In June 2020 we secured a loan under the Coronavirus Business Interruption Loan Scheme to shore up our cash position, and we continue to monitor our performance closely in the expectation of returning to the targeted reserves policy range.

Fundraising Disclosures

During 2020 – 21 SPCK employed two full-time and one part-time fundraiser, who were all members of the Institute of Fundraising. The bulk of voluntary income came from charitable trusts and legacies. However, SPCK also has subscribing members and a number of regular and one-off donors.

SPCK is registered with the Fundraising Regulator and Fundraising Preference Service. We aim to abide by the Code of Fundraising Practice. SPCK has received no complaints directly or via the Regulator, nor any opt-outs via the Fundraising Preference Service. Further details of how we use personal data can be found in our privacy statement www.spck.org.uk/privacy-and-cookies-policy.

We are not aware of any community fundraising that is undertaken by third parties in our name but were we to become so we would ensure that it follows the Code of Fundraising Practice. Our fundraising complaints procedure can also be found on our website.

Statement of Trustee Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with 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).

The law applicable to charities in England & Wales 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 income and expenditure of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for maintaining 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The trustees' report for the year ended 30 April 2021 was approved by the trustees on 23 September 2021 and signed on their behalf by

A handwritten signature in black ink that reads 'James Catford'.

James Catford, Chair of the Governing Body

Society for Promoting Christian Knowledge 36 Causton Street, London SW1P 4ST

Independent Auditor's Report to the Trustees of SPCK

Opinion

We have audited the financial statements of the Society for Promoting Christian Knowledge (the "Charity") and its subsidiary (the group) for the year ended 30 April 2021 which comprise the consolidated statement of financial activities, the consolidated and parent balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the Charity's affairs as at 30 April 2021 and of the group's incoming resources and application of resources 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 Charities Act 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 trustees' 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 Group's and 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 other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which We are Required to Report by Exception

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

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and proper 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.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- Sufficient accounting records have not been kept;
- The financial statements are not in agreement with the accounting records; 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, 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 Group's and 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 Group or 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 151 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:

Based on our understanding of the charity, we identified that the principal risks of non-compliance with laws and regulations related to employment and financial reporting legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

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 management, considering the internal controls in place and discussion amongst the engagement team.

We determined that the principal risks were related to management bias in accounting estimates, presentation of separately disclosed items, and management override of controls.

In response to the risks identified we designed procedures which included, but were not limited to reviewing trustees' minutes, challenging significant accounting estimates including the pension provision discount rate and valuation of stock and work in progress, evaluating the internal controls, agreeing financial statement disclosures to underlying supporting documentation, and identifying and testing journal entries.

There are inherent limitations in the audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. 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.

Use of Our Report

This report is made solely to the Group's and Charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Group's and Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Charity and their trustees as a body, for our audit work, for this report, or for the opinions we have formed.



MIRIAM HICKSON FCA Senior Statutory Auditor
for and on behalf of Jacob, Cavenagh & Skeet

Chartered Accountants
Statutory Auditor
5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Dated: 6/10/2021

Jacob, Cavenagh & Skeet is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 30 April 2021

Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2020 £'000
Income and endowments from:								
Donations and legacies								
Donations	77	31	-	108	56	84	-	140
Legacies	4	-	-	4	153	-	-	153
Grants Received	2 172	81	227	480	172	90	218	480
Investments	3 984	-	-	984	991	-	-	991
Charitable activities								
Publishing	4,205	-	-	4,205	4,496	-	-	4,496
Total income	5,442	112	227	5,781	5,868	174	218	6,260
Expenditure on:								
Raising Funds	4 59	-	-	59	142	-	-	142
Charitable activities	4 5,025	177	-	5,202	5,890	185	-	6,075
Total expenditure	5,084	177	-	5,261	6,032	185	-	6,217
Income Less Expenditure	358	(65)	227	520	(164)	(11)	218	43
Gains/(Losses) on Investments	1,394	-	1,286	2,680	(883)	-	(1,077)	(1,960)
Net Income/(Expenditure)	1,752	(65)	1,513	3,200	(1,047)	(11)	(859)	(1,917)
Transfers between funds	13	(13)	-	-	41	(41)	-	-
Net movements in funds	1,765	(78)	1,513	3,200	(1,006)	(52)	(859)	(1,917)
Reconciliation of funds								
Funds brought forward	1,868	160	7,581	9,609	2,874	212	8,440	11,526
Funds carried forward	3,633	82	9,094	12,809	1,868	160	7,581	9,609

The notes on pages 26 to 46 form part of these accounts.



BALANCE SHEETS

As at 30 April 2021

		Group 2021	Charity 2021	Group 2020	Charity 2020
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	6	15	3	30	6
Investments	7	17,759	17,759	14,852	14,852
		17,774	17,762	14,882	14,858
Current assets					
Stocks		760	447	838	539
Debtors	8	1,141	2,408	1,076	1,957
Cash at bank and in hand		1,175	960	604	517
Total Current Assets		3,076	3,815	2,518	3,013
Current liabilities					
Amounts falling due within one year	9	(1,821)	(1,433)	(1,521)	(1,194)
Net current assets		1,255	2,382	997	1,819
Total Assets Less Current Liabilities		19,029	20,144	15,879	16,677
Creditors: amounts falling due > 1yr					
Pension Provision	11	(5,502)	(5,502)	(5,801)	(5,801)
Bank Loans	10	(718)	(718)	(469)	(469)
Net assets		12,809	13,924	9,609	10,407
The funding of the charity					
Endowment funds	13	9,094	9,094	7,581	7,581
Income funds					
Restricted funds	14	82	82	160	160
Unrestricted funds					
Leech fund		4,931	4,931	4,122	4,122
General and Designated funds		(1,298)	(183)	(2,254)	(1,456)
	15	3,633	4,748	1,868	2,666
Total charity funds	16	12,809	13,924	9,609	10,407

The net surplus of the charity during the year was £3,517,000 (2020: £1,738,000 loss). Approved by the Governing Body and authorised for issue on 23/4/21 and signed on its behalf by

James Catford, Chair of the Governing Body.

The notes on pages 26 to 46 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2021

	2021 £000	2020 £000
Cash (Used) in Operating Activities	(749)	(696)
Cash Flows from Investing Activities		
Investment Income Received	984	991
Purchase of Fixed Asset Investments	(227)	(218)
Net Cash Inflow	757	773
Cash Flows From Financing Activities		
New Loan	664	0
Repayment on Loans	(94)	(87)
Interest Paid on Loans	(7)	(14)
	563	(101)
Net Cash Inflow/(Outflow)	571	(24)
Cash and Cash Equivalents Brought Forward	604	628
Cash and Cash Equivalents Carried Forward	1,175	604

Cash Flow from Operating Activities		
Net Income/(Expenditure)	3,200	(1,917)
Investment Income Received	(984)	(991)
Depreciation of Tangible Assets	-	44
Amortisation of Goodwill	15	15
Interest Paid on Loans	7	14
Unrealised (Gains)/Losses on Investments	(2,680)	1,960
Decrease in Stock	78	45
(Increase)/Decrease in Debtors	(65)	121
(Increase)/Decrease in Creditors	(21)	296
Decrease in Pension Liability	(299)	(283)
Net Cash Used in Operating Activities	(749)	(696)

Analysis of Changes in Net Debt	At 1 May 2020	Cash flows	Non-cash flows	At 30 April 2021
Cash	604	571	-	1,175
Bank Loans Falling Due Within One Year	(79)	(266)	(13)	(358)
Bank Loans Falling Due In More Than One Year	(416)	(315)	13	(718)
Other Loans	(53)	10	-	(43)
Total	56	0	0	56

The notes on pages 26 to 46 form part of these accounts.

NOTES TO THE ACCOUNTS

I. Accounting policies

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

a) Basis of preparation

These accounts have been prepared under the Charities Act 2011 and in accordance with the Charities Statement of Recommended Practice (Charities SORP FRS 102) and Financial Reporting Standard 102 (FRS 102). They are drawn up on the historical cost accounting basis except that investments are carried at fair value.

The financial statements are presented in sterling and figures are rounded to the nearest thousand.

The Society for Promoting Christian Knowledge meets the definition of a public benefit entity under FRS 102.

The Society for Promoting Christian Knowledge is incorporated by Royal Charter in England, with its head office at 36 Causton Street, London SW1P 4ST.

b) Going concern

The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The current position is in line with the range of the agreed reserves policy of six to nine month's committed publishing and staff costs. The trustees believe that the going concern basis of accounting continues to be appropriate in preparing the annual financial statements.

c) Consolidation

The group financial statements combine the results of the company and its subsidiary undertaking, Inter-Varsity Press (which also produces and distributes Christian books and materials). A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Charities SORP FRS 102.

d) Income

i. Turnover

Trading turnover represents the value of sales made during the year, excluding VAT and amounts due to Joint Publishers.

ii. *Donations, legacies and grants receivable*

Voluntary income and donations (including legacies) are accounted for once the charity has entitlement to the income, it is probable the income will be received, and the amount of income receivable can be reliably measured.

Grants received from the William Leech Trusts are credited for the period in which they arise. Income from William Leech (Investments) Limited is credited to the Statement of Financial Activities in the period in which the income is received.

Coronavirus Job Retention Scheme income receivable is recognised in the period in which the related staff costs are recognised.

iii. *Other income*

Other income comprises Publishing income from co-editions, royalty advances, rights, permissions and sales commission and is accounted for on the accruals basis.

e) *Expenditure*

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer- term liabilities. Charitable expenditure includes all operating costs relating to SPCK's Publishing and Worldwide activities.

Promotional costs

Promotional costs comprise direct fundraising costs and the costs associated with the Society's website.

ii. *Grants payable and project funding*

Grants payable are taken to the Statement of Financial Activities in the year they are approved and any grants not paid within two years are cancelled unless a continuing need is identified.

iii. *Governance costs*

Governance costs are those associated with charity governance requirements and which relate to the general running of the Society. These have been allocated between expenditure on raising funds and charitable activities according to staff time.

iv. *Support costs*

Support costs include the central office functions of general management, information technology, human resources, office management, accommodation and finance. Costs are allocated to activities on a basis consistent with the use of the resources.

v. *Operating leases*

Rental charges under operating leases are charged on a straight-line basis over the life of the lease.

vi. *Staff pensions*

The Society participates in three pension arrangements. Two are part of the Church Workers' Pension Fund and the third is the UK Government NEST scheme.

The Church Workers' Pension Fund

Qualifying members of staff who joined the Society on or before 30 April 2001 were able to join the Church of England Defined Benefits Scheme (DBS). With effect from 1 May 2001, the Society closed membership of the DBS to all new employees. Qualifying members of staff who joined the Society on or after 1 May 2001 were able to join the Church of England Defined Contributions Scheme (DCS), since renamed the Pension Builder Scheme (PBS) where, since 2014, the funds have been held in the Pension Builder Classic sub-fund of that scheme.

With effect from 1 May 2006, the DBS was closed to all employees, with deferred entitlement preserved for its existing members. From that date, all SPCK members of the Church Workers' Pension Fund have been benefiting from contributions and any accruals as part of the PBS.

At 30 April 2021, the Society had nil (2020: nil) active members and 124 (2020: 131) deferred pensioner members in the DBS, and 22 (2020: 24) active members and 59 (2020: 63) deferred pensioner members in the PBS. At 30 April 2021, the Society had 234 pensioners (2020: 209).

SPCK participates in the Defined Benefits Scheme section of CWPF 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 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 pension costs charged to the SOFA during the year consist of an interest cost of £112,000 (2020: £115,000) and a management charge of £32,400 (2020: £32,000).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, 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 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m 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 £11.3m.

Following the recent valuation, the Employer has agreed to continue with the existing deficit payment arrangement being £385,842 per year increasing by 3.2% every subsequent 1 April, however with the end date shortened to 14.5 years from 1 April 2018 to 1 October 2032 in respect of the shortfall in the Employer sub-pool. The obligation has been recognised as a liability with the Employer's financial statements. The Employer has an agreement with the Church Workers Pension Fund to pay expenses of £32,400 per year to 31 March 2021 thereafter expenses will increase to £35,600 per year

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 in note 11.

Pension Builder Scheme

SPCK also participates in the Pension Builder Scheme section of CWPF 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. The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder

Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that 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 (2021: £124,545 2020: £129,000)

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2019.

For the Pension Builder Classic section, the valuation revealed a deficit of £9,300,000 on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2019 section, the valuation revealed a surplus of £5,500,000 on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

UK Government NEST

With effect from 1st March 2018 all new employees will be enrolled in the UK Government NEST defined contribution scheme. The assets of this Scheme are held separately from those of SPCK in an independently administered fund and are charged to the SOFA as they become payable in accordance with the Rules of the Scheme.

f) **Tangible fixed assets**

Tangible fixed assets costing more than £5,000 are stated in the balance sheet at cost less depreciation. These items are depreciated on a straight-line basis to write off their cost over their estimated useful lives. These rates are currently as follows:

Fixtures and fittings	5 years
Computer systems	3 years

In view of the administrative costs involved, the effect of inflation on costs and the underlying nature of our charitable purpose, the trustees have adopted a policy that only substantial assets which have a long-term on-going value should be capitalised.

g) **Intangible fixed assets**

In 2017 the Society purchased the Children's bibles and study guides from the Scripture Union and regards this as an intangible asset – the outright purchase has been initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the SOFA using the straight-line method over 5 years, which is the shorter of their estimated useful lives and periods of contractual rights.

h) **Investment assets**

Quoted investments are stated at mid-market value at the balance sheet date. Purchases and sales include transaction fees charged by the investment managers. Other investment securities are valued by reference to underlying assets. Any gain or loss on revaluation or disposal is taken to the Statement of Financial Activities.

i) **Stocks**

Stocks are valued at the lower of cost and net realisable value.

j) **Debtors**

Trade receivables and other debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid.

k) **Cash at bank and in hand**

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

l) **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount. Concessionary loans are included at historic cost.

m) **Financial instruments**

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

n) **Restricted funds**

Restricted funds are accounted for in accordance with the particular terms of trust arising from the express or implied wishes of donors in so far as these are intended to be binding on the trustees.

o) **Endowment funds**

Endowment funds are those where the capital is maintained and used to generate income. Income is used for the purpose for which the fund was originally created.

p) **Designated funds**

Designated funds are monies set aside from the general fund by trustees for a specific purpose. These funds are 'ring-fenced' and no longer form part of the unrestricted general funds

q) **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in income or expenditure. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

2. **Grants Receivable**

Grants are received from the two charitable trusts administered by the William Leech Foundation Limited. SPCK holds one of the five shares in the William Leech Foundation Limited, which was established to support charitable institutions or trusts in the United Kingdom. William Leech Foundation Limited also acts as a trustee to the two charitable trusts known as the Foundation Trust and the Charity Trust. No capital may be distributed from either trust.

The income of the Foundation Trust is distributed in equal proportions to SPCK and four other charities. The income of the Charity Trust is distributed for charitable purposes at the discretion of the trustee, which has, since 1973, adopted the policy of giving most of the income to the same five charities. This policy is reviewed by the Board of the company each year.

Following a resolution of the Board of Directors of the William Leech Foundation Limited on 15 October 1996, the grants are paid out to the five charities on condition that 57% is invested in shares in William Leech (Investments) Limited at par and treated as an addition to the recipient charity's capital funds. The effects of this condition have been reflected in these accounts by showing the grants re-invested in the Leech Fund (see Notes 7 and 13). This company invests its assets in listed securities.

In addition, grants were received from other trusts in the year of £41,000 (2020: £99,000) used to fund various charitable projects of the Society, and £40,000 (2020: £9,000) Government Grant from the Coronavirus Job Retention Scheme.

3. Investment income

The trustees recognise the need for support for the mission of promoting Christian knowledge through the publication and sale of Christian books and resources. Investment income has therefore been used to support this mission.

	2021 £000	2020 £000
William Leech	817	796
Other Investment Income	167	195
	984	991

4. Analysis of total expenditure

	Direct Costs £000	Staff Costs £000	Overhead Costs £000	Support Costs £000	2021 Total Costs £000	2020 Total Costs £000
Raising Funds	-	59	-	-	59	142
Charitable Expenditure						
Publishing	1,393	1,520	1,068	896	4,877	5,769
Worldwide	-	-	22	-	22	40
Other UK Projects	41	-	89	-	130	75
Assemblies	3	-	26	-	29	23
Grants	-	-	-	-	-	21
DBS Pension Scheme	-	144	-	-	144	147
	1,437	1,664	1,205	896	5,202	6,075
Total	1,437	1,723	1,205	896	5,261	6,217
Support and Governance					2021 £000	2020 £000
Staff Costs					459	277
Accommodation					181	249
Finance					29	113
IT					169	118
Governance Costs						
Auditor's Fees					22	16
Legal and professional Fees					28	18
Costs of AGM and trustee travel					2	8
Staff and Support Costs					6	9
					896	808

5. Trustees, employees and related parties

Except as stated below, the trustees and persons connected with them have not received or obtained any remuneration or other financial benefits for the year directly or indirectly from the charity's funds:

The aggregate amount of expenses reimbursed to 3 (2020: 8) trustees to cover travel and subsistence expenditure in attending meetings during the year was £1,138 (2020: £1,263).

The total employee benefits of the other key management personnel of the charity were £628,677 (2020: £533,106). A family member of a key management personnel was paid £8,061 (2020: £9,906) for working on Diffusion projects.

A grant of £10,000 (2020: £15,000) was received from The Jerusalem Trust, of which J Catford's wife is the Chairperson.

Transactions with IVP are disclosed in Note 17.

	2021	2020
Staff Costs	£000	£000
Wages and salaries	1,752	1,486
Social security costs	171	154
Pension scheme contributions:		
PBS (current scheme)	125	129
DBS (closed scheme)	144	147
	2,192	1,916

	2021	2020
The average number of employees was:	Number	Number
Publishing	41	33
Worldwide and Projects	2	2
Management and administration	2	3
Fundraising	2	1
	47	39

The number of employees whose emoluments exceeded £60,000 fell within the following ranges:

	2021	2020
£60,000 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-

During the year, contributions were paid into the Pension Builder Scheme (PBS) for three higher-paid employees (2020: 3); the amounts totalled £24,602 (2020: £27,441).

6. Intangible fixed assets: Group and Charity

The intangible asset of Goodwill arose from the purchase of the Children's Bibles and Study Guides from Scripture Union.

	Group £'000	Charity £'000
Goodwill		
Cost or valuation		
Balance at 1 May 2020	75	15
Acquisition in year	-	-
Disposals in year	-	-
Balance at 30 April 2021	<u>75</u>	<u>15</u>
Amortisation		
Balance at 1 May 2020	45	9
Charge for the year	15	3
Released on disposals	-	-
Balance at 30 April 2021	<u>60</u>	<u>12</u>
Net book value at 30 April 2021	<u>15</u>	<u>3</u>
Net book value at 30 April 2020	<u>30</u>	<u>6</u>

7. Investments: Group and Charity

	Endowment Funds	Other Funds	2021 Total	2020 Total
	£'000	£'000	£'000	£'000
At 1 May 2020	7,581	7,271	14,852	16,594
Additions	227	-	227	218
Unrealised gains /(losses)	1,286	1,394	2,681	(1,960)
At 30 April 2021	9,094	8,665	17,759	14,852
Total net unrealised gains	3,464	3,415	6,879	4,198
Historical Cost 30 April	5,630	5,250	10,880	10,654

	£'000	
William Leech (Investments) Limited (unlisted)	12,297	69%
M&G Securities Limited – 'Charifund' Common Investment Fund (listed)	1,921	11%
Sarasin & Partners LLP – 'Alpha' Common Investment Fund (listed)	1,760	10%
Newton Investment Management Ltd – 'SRI' Common Investment Fund (listed)	1,531	9%
CCLA - Common Investment Fund	193	1%
Cash awaiting investment in William Leech (Investments) Limited	57	0%
	17,759	100%

All investments are held in the UK.

At the year-end, the investments, excluding those held in William Leech (Investments) Limited, were held in four Common Investment Funds managed on behalf of the Society by its investment advisers, Newton Investment Management Ltd, M&G Securities Ltd, Sarasin & Partners LLP and CCLA. Separate investment funds were maintained for the unrestricted funds and for each of the endowment funds. The investments are financial assets measured at fair value through the Statement of Financial Activities.

	2021 Total £'000	2020 Total £'000
a) Unrestricted Funds		
William Leech (Investments) Limited		
Ordinary shares at market value	4,930	4,121
Listed Investments At Market Value	3,735	3,150
	8,665	7,271
b) Endowment Funds		
William Leech (Investments) Limited		
Ordinary shares at market value	7,366	6,157
Cash awaiting investment in William Leech (Investments) Limited	57	55
	7,423	6,212
Trust funds held by the Society		
Van Vryhoven Bequest		
Listed market securities at market value	506	414
Other Trust Funds		
Listed market securities at market value	1,165	955
	9,094	7,581

c) William Leech (Investments) Limited

The investments in the Leech Fund and the Leech Capital Fund are represented by shares held in William Leech (Investments) Limited. The Society holds 20% of the company's ordinary share capital. The Society has no controlling influence over the management of William Leech (Investments) Limited. As there is no market in these shares, the deemed market value of this investment is assessed as 20% of the net assets based on the company's management accounts as at 31 March 2021, as follows:

	2021 £'000	2020 £'000
Aggregate capital and reserves	61,485	51,397
Turnover (property and investment income)	972	1,472
Net profit/(loss) for the year	14,191	(4,779)

The investment in William Leech (Investments) Limited has been used as security to guarantee the Society's liability for additional pension contributions to the Church of England Defined Benefits Scheme (DBS). This guarantee is restricted to those shares held at 30 April 2009.

d) Inter-Varsity Press

The results for the year 30 April 2021 and balance sheet for the subsidiary, Inter-Varsity Press, are as follows:

	2021 Total £'000	2020 Total £'000
Net expenditure	(316)	(179)
Intangible Assets	12	24
Current Assets	581	567
Creditors: Amount falling due within one year	(1,708)	(1,390)
Net (Liabilities)	(1,115)	(799)

8. Debtors: amounts falling due within one year

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Trade Debtors	435	430	612	607
Amount owed by Subs	-	1,320	-	1,063
Other Debtors	299	251	410	233
Prepayments	407	407	54	54
	1,141	2,408	1,076	1,957

Legacies and life interests

During the year charity was notified of four legacies (2020: 6). Where the value of the legacy can be determined with a reasonable degree of accuracy, the income has been recognised. In the past, SPCK has been bequeathed shares of a freehold property, which is subject to life tenancies. The conditions for recognition of this income have not been met and therefore this legacy is not included as income in the accounts. The estimated value of the legacy is unknown at present.

9. Creditors: Amounts falling due within one year

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Bank Loan	358	358	79	79
Trade Creditors	259	223	170	129
Tax and Social Security	55	55	47	47
Other Creditors	1,021	676	1,153	891
Accruals	128	121	72	48
	1,821	1,433	1,521	1,194

10. Creditors: Amounts falling due over one year

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Bank Loans	718	718	416	416
Other Loans (Concessionary)	-	-	53	53
	718	718	469	469

During the year ended 30 April 2016 the charity obtained a bank loan of £750,000 from Barclays Bank plc, repayable at an interest rate of 1.98% above base rate and secured over the Sarasin & Partners LLP investment assets (see note 7) by a fixed and floating charge.

During the current year the charity received a Coronavirus Business Interruption Loan of £664,000. It is repayable over 3 years and bears interest at 2.99% above the base rate.

At 30 April 2021, the bank loans are repayable as follows:

	2021 Group £'000	2021 Charity £'000	2020 Group £'000	2020 Charity £'000
Within one year	358	358	79	79
In 1 - 2 years	421	421	79	79
In 2 - 5 years	297	297	337	337
After 5 years	-	-	-	-
	1,076	1,076	495	495

The total financial liabilities measured at amortised cost are £1,076,000 (2020: £495,000).

11. Pension provision: Group and Charity

	2021 £'000	2020 £'000
At 1 May 2020	5,801	6,084
Paid in year	(411)	(398)
Interest cost and charge to balance sheet deficit liability	112	115
At 30 April 2021	5,502	5,801
Charitable expenditure		
Interest cost as above	112	115
Management charge	32	32
	144	147

A provision has been made for deficit contributions due to the Church Workers' Pension Fund (see Note 1 e) vi., Staff Pensions). The provision has been calculated from this information and then discounted at 2.0% (2020: 2.0%). Payments are being made monthly up to July 2033. The triennial valuation to the end of December 2019 has been completed resulting in no impact on the future payment schedule.

12. Other financial commitments and guarantees

As at 30 April 2021, the outstanding commitments for non-cancellable operating leases fall due as follows:

	2021 £'000	2020 £'000
Operating leases due		
Within one year	9	10
2-5 years	3	14
	<u>12</u>	<u>24</u>

The lease payments recognised as an expense during the year were £11,000 (2020: £13,000). The charity also has a lease commitment for the next 2 years for the use of its premises (expires April 2023). The annual amount payable is the income arising on the M&G investment portfolio which is around £81,000 per annum.

13. Endowment Funds: Group and Charity

	Balance at 1 May 2020 £'000	Income £'000	Gains £'000	Balance at 30 April 2021 £'000
Leech Capital Fund	6,211	227	984	7,422
Van Vryhouven Bequest	413	-	93	506
Other Trust Funds				
Bray Endowed Capital	795	-	178	973
Bray Charity	53	-	10	63
D'Allone Charity	109	-	21	130
	957	-	209	1,166
	7,581	227	1,286	9,094

	Balance at 1 May 2019 £'000	Income £'000	Losses £'000	Balance at 30 April 2020 £'000
Leech Capital Fund	7,010	218	(1,017)	6,211
Van Vryhouven Bequest	433	-	(20)	413
Other Trust Funds				
Bray Endowed Capital	834	-	(39)	795
Bray Charity	53	-	0	53
D'Allone Charity	110	-	(1)	109
	997	-	(40)	957
	8,440	218	(1,077)	7,581

Income from the Leech Capital Fund is expendable for the Society's general purposes at the discretion of the trustees. Income from the other endowment trust funds is restricted in accordance with the terms of the relevant trusts. Further details on the endowment trust funds are available from SPCK's office.

14. Restricted Funds: Group and Charity

	Balance at 1 May 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 30 April 2021 £'000
Other UK Projects	160	112	(177)	(13)	82
	160	112	(177)	(13)	82

	Balance at 1 May 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 30 April 2020 £'000
SPCK Newcastle Bible House	49	-	(8)	(41)	-
Other UK Projects	163	174	(177)	-	160
	212	174	(185)	(41)	160

Transfers were made during the year from Other UK Projects as these projects are now closed.

Transfers were made in the previous year from the SPCK Newcastle Bible House supporting Diffusion projects following Charity Commission permission to spend the accumulated and future income on general purposes.

The purpose of the Newcastle Bible House fund was to provide for the sale of Bibles and religious literature in Newcastle-upon-Tyne.

15. Unrestricted Funds

Group	Balance at 1 May 2020	Income	Expenditure	Transfers	Gains	Balance at 30 April 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Leech Fund	4,122	-	-	-	809	4,931
Designated funds 1	-	-	-	200	-	200
Designated funds 2	-	-	-	200	-	200
Other charitable funds	(2,254)	5,442	(5,084)	(387)	585	(1,698)
Total	1,868	5,442	(5,084)	13	1,394	3,633

Charity	Balance at 1 May 2020	Income	Expenditure	Transfers	Gains	Balance at 30 April 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Leech fund	4,122	-	-	-	809	4,931
Designated funds 1	-	-	-	200	-	200
Designated funds 2	-	-	-	200	-	200
Other charitable funds	(1,456)	3,910	(3,235)	(387)	585	(583)
Total	2,666	3,910	(3,235)	13	1,394	4,748

Group	Balance at 1 May 2019	Income	Expenditure	Transfers	Gains	Balance at 30 April 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Leech Fund	4,595	-	-	-	(473)	4,122
Other charitable funds	(1,721)	5,868	(6,032)	41	(410)	(2,254)
Total	2,874	5,868	(6,032)	41	(883)	1,868

Charity	Balance at 1 May 2019	Income	Expenditure	Transfers	Gains	Balance at 30 April 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Leech Fund	4,595	-	-	-	(473)	4,122
Other charitable funds	(1,102)	4,517	(4,502)	41	(410)	(1,456)
Total	3,493	4,517	(4,502)	41	(883)	2,666

In a Governing Body meeting 4 July 2019 it was agreed to set up designated funds for any additional payments received from William Leech (Investments) Ltd. Designated Fund 1 to set aside the first £200,000 each year which might be required to make additional pension payment contributions under the terms of the Individual Payment Plan agreed with the Church of England Pensions Board; and Designated Fund 2 for the next £200,000 each year, to be set aside for strategic opportunities.

16. Analysis of the Society's net assets by Fund

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Fund balances at 30 April 2021 are represented by:				
Intangible fixed assets	15	-	-	15
Investments	8,665	-	9,094	17,759
Current assets	2,994	82	-	3,076
Current liabilities	(1,821)	-	-	(1,821)
Long-term liabilities	(718)	-	-	(718)
Pension Provision	(5,502)	-	-	(5,502)
Total net assets	3,633	82	9,094	12,809

Freely available reserves are defined as the Unrestricted Funds Net Current Assets, (that is Current Assets less Current Liabilities) of £1,173,000 (2020: £837,000).

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Fund balances at 30 April 2020 are represented by:				
Intangible fixed assets	30	-	-	30
Investments	7,271	-	7,581	14,852
Current assets	2,358	160	-	2,518
Current liabilities	(1,521)	-	-	(1,521)
Long-term liabilities	(469)	-	-	(469)
Pension Provision	(5,801)	-	-	(5,801)
Total net assets	1,868	160	7,581	9,609

17. Transactions with IVP

During the year, the following transactions took place with IVP:

	2021 £'000	2020 £'000
Management charge paid by IVP	834	400
At the year end the amount owed to SPCK was:	1,320	1,063

18. Post Balance Sheet Events

In July 2021, SPCK received a third additional payment from William Leech (Investments) Ltd of £400,000. In September 2021, SPCK received a fourth additional payment of £800,000. This completes, earlier than expected, the additional contributions that William Leech (Investments) was intended to make.

The Society for Promoting Christian Knowledge (SPCK) and the AFD Group announce it has been agreed that SPCK will acquire from AFD the publishing business of Lion Hudson.

In May 2021, SPCK acquired the publishing business of Lion Hudson from the AFD Group. The acquisition brings new expertise in children's books and international rights sales which will broaden SPCK's fulfilment of its mission to lead the way in creating books and resources which will help everyone to make sense of faith. The acquisition will also deliver specific opportunities for synergies and cost savings which, as part of a successful integration, will significantly improve SPCK's financial sustainability. The acquisition was supported by detailed due diligence carried out by independent professional legal and financial advisors carried out mostly in the financial year ended April 30 2021, the costs of which will be included in the accounts for the financial year ended April 30 2022.