



The Society for Promoting Christian Knowledge

Charity Registration Number: 231144

Consolidated Financial Statements

for the year ended 30 April 2022

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A Message from the Chair

Welcome to SPCK's 2022 annual report. 2021-22 was a remarkable year in the long history of SPCK. We have continued our growth journey by embracing no less than three very different organisations into our group.

In May 2021 we completed SPCK's transition to becoming a globally significant Christian publisher with our acquisition of Lion Hudson's publishing. This strategic move combines the UK's leading publisher of Christian books for adults with its leading publisher of Christian books for children. Our Governing Body board of trustees were unanimous in this decision and we are very grateful to the previous owners of the company for making the merger possible.

A major theme of my tenure as Chair has been the need to build a winning culture. Over the past year it has been exciting to see how the merged team has taken steps to do exactly this, while remaining true to the abiding values of both SPCK and Lion Hudson.

In Autumn 2021 we also welcomed the Catholic Bible School and York Courses into our organisation. Although these were much smaller than Lion Hudson, they are both significant in their own right. York Courses has an outstanding track record of creating audio-based Lent and Advent courses at a time when audio is seeing substantial growth. Meanwhile, Catholic Bible School brings both reach into, and understanding of, the Catholic world. This development is ideally timed as SPCK also published in the autumn its celebrated editions of the English Standard Version Catholic Edition (ESV-CE) which will be used in the forthcoming new Catholic lectionary.

These significant steps show the trustees' confidence in publishing. Many publishers have seen significant growth in recent years even as markets have undergone rapid changes. 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. As we continue to raise our horizons beyond our traditional markets we believe we are delivering on our vision and mission.

This annual report will be my last as SPCK's Chair as I will rotate off the Governing Body in November 2022 after six years as a trustee and three as Chair. I am hugely grateful for the growth and impact that SPCK has achieved during this time and it has been a pleasure to get to know the members, authors, trustees, donors, staff, pensioners and supporters. Thank you for your continued commitment and prayers.

James Catford, Chair

A Message from the CEO

In May 2021 I shared with the new combined staff team an annual plan focused around Creating, together, a globally significant Christian publisher which is:

- **Faithful** to Jesus Christ and in building on the best of SPCK, IVP, Lion Hudson and Catholic Bible School.
- **Fruitful** in publishing the very best Christian books and resources that benefit and inspire ever growing numbers while delivering a profit to be reinvested in our mission.

It has been a privilege to work with the team and trustees over the past year as we have made huge steps towards achieving this.

Some of our excellent results this year, such as our **highest ever income**, follow naturally from the growth that has come with the merger. But other encouraging results, such as winning **Christian Publisher of the Year** and being shortlisted for **Independent Publisher of the Year**, show a real endorsement from the publishing world of what we are achieving.

It has been a challenging year for me personally, leading a significant integration while dealing with ill health in my family. I am most grateful for the outstanding support of the newly formed Senior Leadership Team, the excellence and hard work of the staff team as a whole, the diligence and expertise of our trustees, and the encouragement and prayers of our supporters.

I hope you enjoy the annual report!

Sam Richardson, Chief Executive

Trustees' report (incorporating the Group Strategic Report)

The Society's accounts for the year ended 30 April 2022 have been prepared under the Charities Act 2011 and in accordance with the Charities Statement of Recommended Practice (Charities SORP 2019 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 2021-22 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

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

Paul Burrage – Board Support Group, Chair of Audit Committee

Matthew Cashmore – Publishing Committee

Matthew van Duyvenbode – stepped down in September 2021

Sue Halliday - Chair of IVP Publishing Board

Dr David Muir

Dr Sanjee Perera – elected in November 2021

Elizabeth Renshaw-Ames - Audit Committee, Pensions oversight

Dr Cathy Ross - Worldwide oversight – stepped down in November 2021

Eric Thompson - Audit Committee, Staff/HR oversight

Stephen Tudway - Legal oversight

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
- Senior Leadership Team
 - Sam Richardson (Chief Executive)
 - Jenny Beadle (Human Resources Director)
 - Anthony Brown (Finance Director)
 - Wendy Grisham (Group Publishing Director)
 - Mark Read (Art Director)
 - Christopher Watkins (Production Director)
 - Suzanne Wilson- Higgins (Deputy 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 Canon Dr Nicholas Sagovsky

The Revd Sharon Swain

The Rt Revd Lord Williams of Oystermouth

Honorary Life Member

Ian Ferguson

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 2022 was 145 (2021: 158).

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 NatWest Chichester 5 East Street Chichester West Sussex PO21 1HH CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
Insurance Brokers	Scrutton Bland Fitzroy House, Crown Street, Ipswich, Suffolk, IP1 3LG
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

Achievements and performance

Following its growth in recent years, SPCK now operates under a range of different brands each with specific target markets and objectives. This is a very brief tour of the different parts of our businesses and their achievements in 2021-22.

Adult Publishing Imprints

SPCK Publishing is our eponymous imprint, seeking to publish the very best Christian authors from across the theological spectrum. We have taken particular pride in the diversity of our author base, and were delighted to see *Communicate for Change* by Genelle Aldred impact the Nielsen Bookscan religion chart on its launch. Our biggest seller of the year was the brilliant *A Little Bit of Faith* by Katie Piper, which performed brilliantly as a beautifully packaged hardback reflecting the consistent quality of our design work. Watch out for autobiographies of Rosemary Conley and Archbishop John Sentamu in the coming months.

Form is a new boutique imprint focused on the burgeoning area of spiritual formation. Form launched in Summer 2021 with a real bang, and soon after John Mark Comer's *Live No Lies* went straight to number one in the Nielsen Bookscan weekly religion chart. *Be Still* by Brian Heasley has also seen great success on both sides of the Atlantic, and there are exciting plans in place from a diverse range of authors for 2022-23.

Marylebone House continues to publish spiritually interesting fiction, with *Tales from Lindford* by perennial favourite Catherine Fox the latest title to come out. The **Lion Fiction** imprint includes classic Christian fiction and 2022 saw a new edition of Francine Rivers' *Redeeming Love* to tie in with the new film.

Lion Books publishes non-fiction that will appeal to the general market and is particularly well-known for classic illustrated titles such as the *Lion Bible Handbook*. *Cosmic Chemistry* by John Lennox was one of our major titles for 2021 and did not disappoint as the author went on a global tour explaining how God and science mix. **Lion Scholar** publishes for the undergraduate market, with *In The Steps of Jesus* by Wycliffe Hall's Peter Walker proving a popular new title.

Monarch publishes a range of Christian non-fiction and we were delighted to publish an important book, *Doing Time* by Jonathan Aitken and Edward Smyth. Ted Smyth spoke movingly with Leroy Logan at our 2021 AGM, and we were delighted to have Jonathan Aitken as the speaker for Bray Day 2022.

York Courses' Lent Course for 2022 was *God Has No Favourites* by Carmody Grey. The combination of a new design approach with continuity of the hybrid audio-print format was greatly appreciated across the country including by the *Church Times'* reviewer. Some of the older York Courses titles will be available to purchase on the SPCK website, while others will be available to use digitally through the Home Groups website.

Kids Publishing Imprints

Lion Children's Books remains the established market leader for quality Christian children's books which can be found in outlets including W H Smith and in over two hundred languages around the world. In spring 2022 we launched a significant new partnership with the Cheeky Pandas in 2022. The Pandas were highly visible at Spring Harvest, and at Big Church Day Out where we hosted a brilliant storytelling tent.

Candle publishes colourful and accessible Christian children's resources. 2021 saw a new edition of one of Candle's flagship products, the *Candle Bible for Toddlers*.

SPCK children's books are quirky and cutting-edge, no more so than Roger McGough's *100 Best Christmas Poems for Children* which proved a delightful addition to the list. Watch out in 2023 for the new *Big Story Bible* by none other than Tom Wright, with co-editions already sold in several different languages.

IVP Publishing Imprints

Inter-Varsity Press books aim to help readers (and listeners) Know, Grow, Go and Show.

- **Know** God and the Bible: The *ESV Search The Scriptures Bible* for the first time brings together the much-loved Bible reading plan integrated alongside the Bible text. We have high award hopes in the wake of the *NIV Bible Speaks Today Bible* winning Bible of the Year 2021 and being shortlisted in the British Book Design and Production Awards.
- **Grow** in the Christian Life: *40 Women* by Ros Clarke was a big hit for Lent devotional which explored women's stories in the Bible from Eden to Easter. You can also read the studies in the Prayermate app.
- **Go** and share the good news: *A Place for God* by Pete Nicholas, with a foreword by Tim Keller, explores the big questions being asked by today's generation.

- **Show** the relevance of faith for all of life: *John Stott on Creation Care* brings together Stott's writings on this urgent issue for the first time.

Apollos is IVP's more academic imprint. *The History of Christianity in Britain and Ireland* by Gerald Bray brings together a lifetime of scholarship into the first single-volume title on the topic for a generation.

Programmes

The **Catholic Bible School** found that its programme of Bible Weekends in parishes continued to be interrupted by Covid, but the team adapted including putting a huge amount of work into the recording of the audio version for the ESV-CE Bible. As well as being available in audiobook format, this will form the centrepiece of a new app that the team are working on.

The **Assemblies** website continues to be in great demand, and after twenty years funding has been secured for a new relaunch to take place in the coming months. The World Book Day assembly by Hannah Taylor was one of a number of timely new assemblies published through the year.

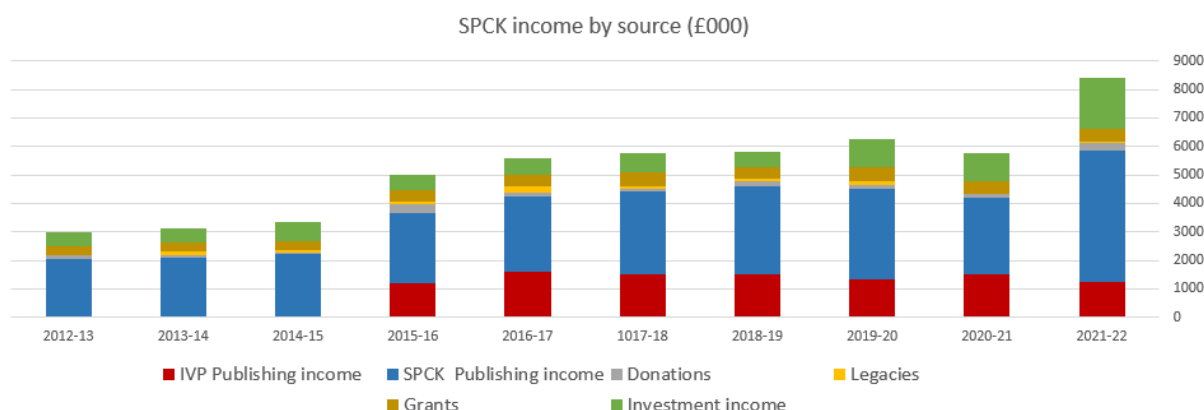
The **Home Groups** programme included not just the website, which hosted a brilliant series around the Archbishop of Canterbury's 2022 Lent Book, *Embracing Justice* by Isabelle Hamley, but also a very well-attended set of seminars at the Christian Resources Exhibition.

The **Diffusion** prison fiction programme remains in high demand, with over 8,000 specially commissioned books sent into prisons over the past year. Over 100 prisons have now taken part in the scheme.

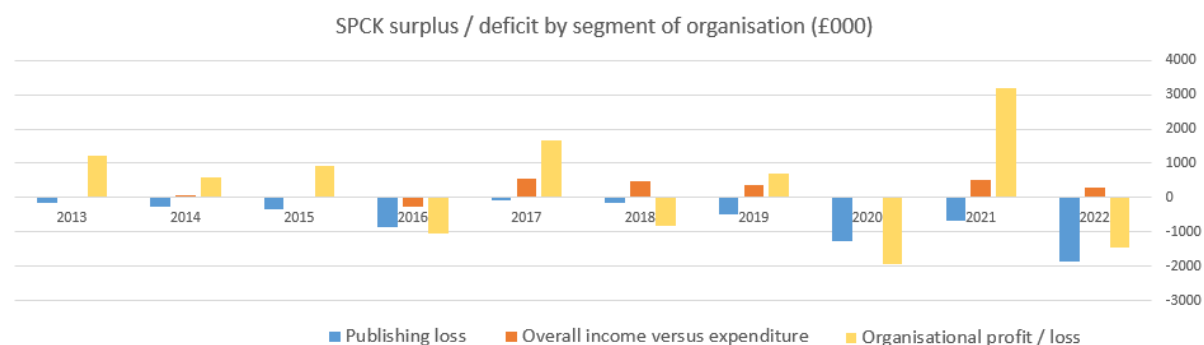
The **Africa Theological Network Press** has taught us much about how challenging it can be to publish without the infrastructure we take for granted in the UK. Nonetheless, Harvey Kwiyani's *Africa Bears Witness: Mission Theology and Praxis in the 21st Century* is one of a number of important publications which ATNP has made accessible on the continent for the first time.

Financial review

The consolidated result shown in the accounts on page 23 shows a significant increase in income, from £5,781,000 to £8,405,000. This is driven primarily by the acquisition of Lion Hudson's publishing, which drove a significant increase in publishing income from £4,205,000 to £5,874,000, and by additional contributions from William Leech (Investments) who generously shared the proceeds of growth resulting in our investment income increasing from £984,000 to £1,813,000. Donation income also grew as we received a significant asset in the form of the Catholic Bible School building in Nutbourne. 2021 had been the first year in which our income decreased since our CEO joined in 2014 (at which point income was just £3,000,000), so it is encouraging to be back on the front foot on income.



The acquisition of Lion Hudson's publishing saw us carry out a significant restructuring at considerable expense captured under re-organisational costs of £249,000 mostly related to redundancy and IT infrastructure costs. This combined with other investment in the merger pushed publishing into a considerable loss of £1,844,000 (2021: loss of £672,000), but having made many difficult decisions to reduce the cost base we are aiming for breakeven in 2022-23 and profitability in 2023-24. This, if achieved, will be a significant turnaround as the publishing has lost money for many decades. The publishing losses are shown on the blue bar below. The orange bar represents the overall surplus of the organisation as measured by income versus expenditure, ending the year with a surplus of £302,000 (2021: surplus of £520,000); Overall, we ended up with an organisational deficit of £1,451,000 (the yellow bar) (2021: surplus of £3,200,000) as the values of our investments reduced partly because of poor market performance and partly because of the contribution from William Leech (Investments) Ltd.



Overall Society assets therefore ended the year on £11,358,000, having fallen back from last year's record high of £12,809,000. Our freely available reserves represent the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. The total is the sum of cash at the bank, stock, deposits and other debtors less current liabilities and designated funds that can reasonably easily be turned into cash. This represents a change in unrestricted free reserves calculation and is in line with the latest charity commission guidance. Previous year unrestricted reserves have been adjusted accordingly for comparative purposes.

Investment policy and performance

The value of the Society's investments at 30 April 2022 was £16,483,000 (2021: £17,759,000). Of this amount, £10,791,000 (2021: £12,354,000) represented the value of shares and cash waiting investment in William Leech (Investments) Ltd, £245,000 (2021: nil) in investment property and £5,447,000 (2021: £5,405,000) the value of other listed investment. Overall, the SPCK portfolio showed an unrealised net loss of £1,753,000 for the year (2021: Gain of £2,680,000) this being a direct reflection of market conditions and the additional contributions from William Leech (Investments) Ltd. 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 1% (2021: 19.6% increase) during the same period the FTSE All-Share index increased by 5.1% (2021: 22.1% increase). The income yield for the year from those investments, which excludes William Leech, was 3.53% (2021: 4.8%), 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.

The Society holds 100% investment in its subsidiary undertaking IVP Ltd whose accounts are consolidated with SPCK Group accounts. For the year ending 30 April 2022 IVP Ltd accounts shows a net deficit in reserves of £1,579,000 (2021: £1,115,000). With the transfer of the company to SPCK, there is an on-going commitment from SPCK to support IVP Ltd aims and objectives and to underwrite the current deficit in the reserves.

The trustees also recognise that IVP Ltd reported a deficit of £464,000 (2021: £316,000) for the year ended 30 April 2022 but are aware that plans are underway to improve profitability of the whole organisation (including IVP) and to review the existing organisational setup with a review to reducing complexity around the inter-company loan and management charge.

Reserves

The total funds held by the Society at the end of the reporting period were £11,358,000 (2021: £12,809,000). We have made a provision of £5,014,000 (2021: £5,502,000) 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 £3,172,000 (2021: £3,633,000). 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 charity's unrestricted funds that are freely available to spend on any of the charity's purposes. On this basis, the Society has available reserves of £504,000 at the end of the current period (2021: £773,000). The reserves level is below the target range of £1,300,000 to £2,000,000, calculated on the basis of 6-9 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). As per note 19, the charity is taking action to shore up its cash position, and we continue to monitor our performance closely in the expectation of returning to the targeted reserves policy range.

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, the level of acceptable risk (from *averse*, through *minimalist*, *cautious* and *open*, to *hungry*, and the mitigation systems are captured in the Risk Register as follows:

- Governance risks, on which we have a *cautious* risk appetite. Risks in this category are 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), on which we have a *cautious* risk appetite. These risks are mitigated by Business Continuity Planning, identifying and risk-managing key strategic relationships, emergency action plans relating to IT issues, active steps to prevent cyber-fraud, notice periods, succession planning and insurance.
- Financial risks, on which we accept have an *averse* risk appetite. These risks are 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, on which we have an *averse* risk appetite. These risks are mitigated by HR and legal advice, staff handbook with regular review, and work with solicitors.
- Reputational risk, on which we have a *cautious* risk appetite. These risks are mitigated by editorial review process, media training and communications planning.
- Data risks, technological and compliance risks, on which we have a *minimalist* risk appetite. These risks are mitigated by following best practice in IT and by ensuring staff are fully trained in areas of compliance including GDPR and AML.

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 lack of profitability and ultimately 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. In April 2022 the trustees agreed a process of consolidating our investments, thereby giving us access to a new lending facility should we need further funds to support short-term cashflow or longer-term working capital to support growth.
- Cost base being too high, resulting in lack of profitability and ultimately cashflow crisis. Mitigations: a significant program of cost savings was made following the Lion Hudson merger, including redundancies, reduction of office footprint and consolidation of systems. Two significant steps in 2022-23 will further reduce the cost base: the move to a new distributor with an on-site digital printing facility to reduce cash tied up in stock, and our vacating our current office in Causton Street for a smaller and cheaper location.
- Risk from poor cost controls, resulting in cashflow crisis. Mitigations: a new purchase order system coming in during 2022-23, with full training and uptake.
- Inability to meet contributions to historic pension liabilities. Mitigations: a new plan agreed with the Church of England Pensions Board (CEPB) in spring 2022, based on the valuation dated 31 December 2020, 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.
- 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 2019 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 the charity's unrestricted funds that are freely available to spend on any of the charity's purposes) of £504,000 (2021: £773,000) which is below the target range of £1,300,000 to £2,000,000. As per note 19, the charity is taking action to shore up its cash position, and we continue to monitor our performance closely in the expectation of returning to the targeted reserves policy range.

Fundraising Disclosures

During 2021-22 SPCK employed one part-time fundraiser, a member 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 2022 was approved by the trustees on 22 September 2022 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'James Catford', written in a cursive style.

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 2022 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 2022 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 challenging significant accounting estimates including those relating to amortisation and stock and work in progress, agreeing financial statement disclosures to underlying supporting documentation, reviewing trustees' minutes, evaluating the internal controls, 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.

Jacob, Cavenagh + Skeet



Jacob, Cavenagh & Skeet

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

Dated: *22/09/2022*

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 2022

Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000
Income and endowments from:								
Donations and legacies								
Donations	249	4	-	253	77	31	-	108
Legacies	39	-	-	39	4	-	-	4
Grants Receivable	2 174	20	232	426	172	81	227	480
Investments	3 1,813	-	-	1,813	984	-	-	984
Charitable activities								
Publishing	5,874	-	-	5,874	4,205	-	-	4,205
Total income	8,149	24	232	8,405	5,442	112	227	5,781
Expenditure on:								
Raising Funds	4 31	-	-	31	59	-	-	59
Charitable activities	4 7,788	30	-	7,818	5,025	177	-	5,202
Charitable activities - reorganisational costs	4 254	-	-	254	-	-	-	-
Total expenditure	8,073	30	-	8,103	5,084	177	-	5,261
Income Less Expenditure	76	(6)	232	302	358	(65)	227	520
(Losses)/Gains on Investments	(537)	-	(1,216)	(1,753)	1,394	-	1,286	2,680
Net (Expenditure)/Income	(461)	(6)	(984)	(1,451)	1,752	(65)	1,513	3,200
Transfers between funds	-	-	-	-	13	(13)	-	-
Net movements in funds	(461)	(6)	(984)	(1,451)	1,765	(78)	1,513	3,200
Reconciliation of funds								
Funds brought forward	3,633	82	9,094	12,809	1,868	160	7,581	9,609
Funds carried forward	3,172	76	8,110	11,358	3,633	82	9,094	12,809

The notes on pages 26 to 47 form part of these accounts.

BALANCE SHEETS

As at 30 April 2022

		Group 2022	Charity 2022	Group 2021	Charity 2021
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible	6	-	-	-	-
Intangible assets	7	50	50	15	3
Investments	8	16,483	16,483	17,759	17,759
		16,533	16,533	17,774	17,762
Current assets					
Stocks		1,313	959	760	447
Debtors	9	1,437	3,123	1,141	2,408
Cash at bank and in hand		356	303	1,175	960
Total Current Assets		3,106	4,385	3,076	3,815
Current liabilities					
Amounts falling due within one year	10	(2,104)	(1,804)	(1,821)	(1,433)
Net current assets		1,002	2,581	1,255	2,382
Total Assets Less Current Liabilities		17,535	19,114	19,029	20,144
Creditors: amounts falling due >1yr	11	(333)	(333)	(718)	(718)
Provisions for liabilities	12	(5,844)	(5,844)	(5,502)	(5,502)
Net assets		11,358	12,937	12,809	13,924
The funding of the charity					
Endowment funds	14	8,110	8,110	9,094	9,094
Income funds					
Restricted funds	15	76	76	82	82
Unrestricted funds					
Leech fund		4,387	4,387	4,931	4,931
General and Designated funds		(1,215)	364	(1,298)	(183)
	16	3,172	4,751	3,633	4,748
Total charity funds	17	11,358	12,937	12,809	13,924

The net deficit of the charity during the year was £987,000 (2021: £3,517,000 gain). Approved by the Governing Body and authorised for issue on 22 September 2022 and signed on its behalf by



James Catford, Chair of the Governing Body.

The notes on pages 26 to 47 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2022

	2022 £000	2021 £000
Cash (Used) in Operating Activities	(2,013)	(749)
Cash Flows from Investing Activities		
Investment Income Received	1,813	984
Purchase of Fixed Asset Investments	(232)	(227)
Net Cash Inflow	1,581	757
Cash Flows From Financing Activities		
New Loan	-	664
Repayment on Loans	(370)	(94)
Interest Paid on Loans	(29)	(7)
	(399)	563
Net Cash (Outflow)/Inflow	(831)	571
Cash and Cash Equivalents Brought Forward	1,175	604
Bank gifted from CBS	12	-
Cash and Cash Equivalents Carried Forward	356	1,175

Cash Flow from Operating Activities		
Net (Expenditure)/Income	(1,451)	3,200
Investment Income Received	(1,813)	(984)
Gift of CBS assets	(193)	-
Amortisation of Goodwill	28	15
Interest Paid on Loans	29	7
Unrealised Losses/(Gains) on Investments	1,753	(2,680)
Decrease in Stock	55	78
Decrease/(Increase) in Debtors	184	(65)
(Increase) in Creditors	(117)	(21)
(Increase) in Provisions	(488)	(299)
Net Cash Used in Operating Activities	(2,013)	(749)

Analysis of Changes in Net Debt	At 1 May 2021	Cash flows	At 30 April 2022
Cash	1,175	(819)	356
Bank Loans Falling Due Within One Year	(358)	(15)	(373)
Bank Loans Falling Due In More Than One Year	(718)	385	(333)
Other Loans	(43)	13	(30)
Total	56	(436)	(380)

The notes on pages 26 to 47 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 below the range of the agreed reserves policy of six to nine month's committed publishing and staff costs. However, 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.

i. 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

SPCK participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, 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 which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and 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 the interest cost and change in the balance sheet liability 2022: credit of £62,000 (2021: cost of £112,000) and a management charge of £32,400 (2021: £32,400).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m 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 the failed employer's pension liabilities.

UK Government NEST

With effect from 1st March 2019 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.

During the year the Society acquired Lion Hudson giving rise to goodwill on acquisition amortised over the 5 years in line with contractual arrangements agreed as part of the acquisition.

h) **Investment assets**

Quoted investments are stated at mid-market value at the balance sheet date. Investment property is initially recognised at fair value at the date of acquisition. Subsequently it is measured at fair value at the reporting 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.

r) **Accounting estimates and key judgements**

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material misstatement to the carrying amounts of assets and liabilities within the next financial year are:

Estimates:

- (i) Pension provision- - As disclosed in note 12, the charity is a member of the Church Workers Pension Fund. The provision for deficit contributions due to the Fund has been discounted at 2.6% to reflect the time value of money. The discount rate is selected by reference to rates used for comparable schemes. For each 0.1% change in the discount rate, the carrying amount of the provision would change by an estimated £28,000.
- (ii) Earnout provision – As disclosed in note 12, a provision has been included for earnout payments due in relation to the acquisition of Lion Hudson. The provision is based on the estimated operating profits for the next 4 years. If the operating profits do not reach the levels expected there could be a material adjustment to the carrying value of the provision and the goodwill on acquisition

2. **Grants Receivable**

Grants are received from the two charitable trusts administered by the William Leech Foundation Limited of £174,000 unrestricted and £232,000 endowed (2021: £172,000 unrestricted and £227,000 endowed). 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 8 and 14). This company invests its assets in listed securities.

In addition, grants were received from other trusts in the year of £20,000 (2021: £41,000) used to fund various charitable projects of the Society, and nil (2021: £40,000) 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.

	2022 £000	2021 £000
William Leech	1,636	817
Other Investment Income	177	167
	1,813	984

4. Analysis of total expenditure

	Direct Costs £000	Staff Costs £000	Overhead Costs £000	Support Costs £000	2022 Total Costs £000	2021 Total Costs £000
Raising Funds	-	31	-	-	31	59
Charitable Expenditure						
Publishing	2,822	1,948	1,102	1,841	7,713	4,877
Worldwide	-	21	30	-	51	22
Other UK Projects	58	-	-	-	58	130
Assemblies	15	-	-	-	15	29
Grants	11	-	-	-	11	-
DBS Pension Scheme	-	(30)	-	-	(30)	144
	2,906	1,939	1,132	1,841	7,818	5,202
Reorganisational Costs	-	-	150	104	254	-
Total	2,906	1,970	1,282	1,945	8,103	5,261

	2022	2021
	£000	£000
Support and Governance		
Staff Costs	1,032	459
Accommodation	308	181
Finance	59	29
IT	334	169
Governance Costs		
Auditor's Fees	18	22
Legal and professional Fees	63	28
Costs of AGM and trustee travel	13	2
Staff and Support Costs	19	6
	1,846	896

Reorganisational costs

During the year the company incurred reorganisational costs of £254,000 consisting of redundancy costs £99,000, £5,000 settlement and restructure costs of £150,000.

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 8 (2021: 3) trustees to cover travel and subsistence expenditure in attending meetings during the year was £724 (2021: £1,138).

The total employee benefits of the other key management personnel of the charity were £660,920 (2021: £628,677). A family member of a key management personnel was paid £nil (2021: £8,061) for working on Diffusion projects.

A grant of nil (2021: £10,000) was received from The Jerusalem Trust, of which J Catford's wife is the Chairperson.

Transactions with IVP are disclosed in Note 18.

	2022	2021
	£000	£000
Staff Costs		
Wages and salaries	2,565	1,752
Social security costs	233	171
Pension scheme contributions:		
PBS (current scheme)	190	125
DBS (closed scheme): Note 12	(30)	144
	2,958	2,192

	2022	2021
	Number	Number
The average number of employees was:		
Publishing	53	41
Worldwide and Projects	1	2
Management and administration	3	2
Fundraising	1	2
	58	47

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

	2022	2021
£60,000 - £70,000	1	2
£70,001 - £80,000	2	1
£80,001 - £90,000	3	1
£90,001 - £100,000	-	1
£120,001 - £130,000	1	-

During the year, contributions were paid into the Pension Builder Scheme (PBS) for three higher-paid employees (2021: 3); the amounts totalled £23,246 (2021: £24,602).

6. Tangible Fixed Assets

Tangible fixed assets: CHARITY AND GROUP	Fixtures, Fittings and Computers	Total
Cost or valuation	£'000	£'000
Balance at 1 May 2021	411	411
Balance at 30 April 2022	411	411
Accumulated depreciation		
Balance at 1 May 2021	411	411
Charge for the year	-	-
Balance at 30 April 2022	411	411
Net book value at 30 April 2022	-	-
Net book value at 30 April 2021	-	-

7. 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. Goodwill purchased during the year relates to the acquisition of Lion Hudson

	Group £'000	Charity £'000
Goodwill		
Cost or valuation		
Balance at 1 May 2021	75	15
Acquisition in year	63	63
Disposals in year	-	-
Balance at 30 April 2022	138	78
Amortisation		
Balance at 1 May 2021	60	12
Charge for the year	28	16
Released on disposals	-	-
Balance at 30 April 2022	88	28
Net book value at 30 April 2022	50	50
Net book value at 30 April 2021	15	3

8. Investments: Group and Charity

	Endowment Funds	Other Funds	Investment Properties	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000
At 1 May 2021	9,094	8,665	-	17,759	14,852
Additions	232	-	245	477	227
Unrealised (losses)/gains	(1,216)	(537)	-	(1,753)	2,681
At 30 April 2022	8,110	8,128	245	16,483	17,759
Total net unrealised gains/(losses)	2,475	2,878	-	5,353	6,879
Historical Cost 30 April	5,635	5,250	245	11,130	10,880

	£'000	
William Leech (Investments) Limited (unlisted)	10,733	65.1%
M&G Securities Limited – 'Charifund' Common Investment Fund (listed)	1,983	12.0%
Sarasin & Partners LLP – 'Alpha' Common Investment Fund (listed)	1,706	10.4%
Newton Investment Management Ltd – 'SRI' Common Investment Fund (listed)	1,562	9.5%
Investment Properties	245	1.5%
CCLA - Common Investment Fund	196	1.2%
Cash awaiting investment in William Leech (Investments) Limited	58	0.4%
	16,483	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.

Investment property purchased during the year relates to the acquisition of Catholic Bible School premises and revalued at the point of acquisition by Flude Property Consultants.

	2022 Total £'000	2021 Total £'000
a) Unrestricted Funds		
William Leech (Investments) Limited		
Ordinary shares at market value	4,386	4,930
Listed Investments At Market Value	3,742	3,735
	8,128	8,665
b) Endowment Funds		
William Leech (Investments) Limited		
Ordinary shares at market value	6,346	7,366
Cash awaiting investment in William Leech (Investments) Limited	58	57
	6,404	7,423
Trust funds held by the Society		
Van Vryhoven Bequest		
Listed market securities at market value	517	506
Other Trust Funds		
Listed market securities at market value	1,189	1,165
	8,110	9,094

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 2022, as follows:

	2022 £'000	2021 £'000
Aggregate capital and reserves	53,665	61,485
Turnover (property and investment income)	80	972
Net profit/(loss) for the year	(2,012)	14,191

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 2022 and balance sheet for the subsidiary, Inter-Varsity Press, are as follows:

	2022 Total £'000	2021 Total £'000
Net expenditure	(464)	(316)
Intangible Assets	-	12
Current Assets	526	581
Creditors: Amount falling due within one year	(2,105)	(1,708)
Net (Liabilities)	(1,579)	(1,115)

9. Debtors: amounts falling due within one year

	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Trade Debtors	584	570	435	430
Amount owed by Subsidiary	-	1,805	-	1,320
Other Debtors	455	350	299	251
Prepayments	398	398	407	407
	1,437	3,123	1,141	2,408

Legacies and life interests

During the year charity was notified of six legacies (2021: 4). 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.

10. Creditors: Amounts falling due within one year

	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Bank Loan	373	373	358	358
Trade Creditors	391	355	259	223
Tax and Social Security	75	75	55	55
Other Creditors	963	704	1,021	676
Accruals	302	297	128	121
	2,104	1,804	1,821	1,433

11. Creditors: Amounts falling due over one year

	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Bank Loans	333	333	718	718
	333	333	718	718

During the year ended 30 April 2022 the charity renewed a bank loan of £457,000 from Barclays Bank plc, repayable at an interest rate of 3.63% fixed rate and secured over the Sarasin & Partners LLP investment assets (see note 8) by a fixed and floating charge.

During the prior 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 2022, the bank loans are repayable as follows:

	2022 Group £'000	2022 Charity £'000	2021 Group £'000	2021 Charity £'000
Within one year	373	373	358	358
In 1 - 2 years	169	169	421	421
In 2 - 5 years	164	164	297	297
	706	706	1,076	1,076

The total financial liabilities measured at amortised cost are £706,000 (2021: £1,076,000).

12. Pension provision: Group and Charity

	2022	2021
	£'000	£'000
Pension		
At 1 May 2021	5,502	5,801
Paid in year	(426)	(411)
Interest cost and change in balance sheet deficit liability	(62)	112
At 30 April 2022	<u>5,014</u>	<u>5,502</u>
 Charitable expenditure		
Interest cost and change in balance sheet deficit liability	(62)	112
Management charge	32	32
	<u>(30)</u>	<u>144</u>

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 2.6% (2021: 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.

Other Provisions

	2022 Group	2022 Charity	2021 Group	2021 Charity
Provisions	830	830	-	-
	<u>830</u>	<u>830</u>	<u>-</u>	<u>-</u>

There is an overage clause on the Catholic Bible School property. If it is sold before 2030, a share of the profits are due to Diocese AB. The % due to Diocese AB currently decreases each year with a carrying balance of £62,000. The trustees currently have no plans to dispose of this property.

As part of the acquisition of Lion Hudson into SPCK Group the company is required to share future operating profits generated over the next 4 years with the previous owners of Lion Hudson. The current projection of profits due amount to £768,000.

13. Other financial commitments and guarantees

As at 30 April 2022, the outstanding commitments for non-cancellable operating leases fall due as follows:

	2022 Group £'000	2021 Group £'000
Operating leases due		
Within one year	3	9
2-5 years	1	3
	<u>4</u>	<u>12</u>

The lease payments recognised as an expense during the year were £10,000 (2021: £11,000). The charity also has a lease commitment for the next year 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 £94,000 per annum.

14. Endowment Funds: Group and Charity

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.

	Balance at 1 May 2021 £'000	Income £'000	Gains/(Loss) £'000	Balance at 30 April 2022 £'000
Leech Capital Fund	7,422	232	(1,251)	6,404
Van Vryhouven Bequest	506	-	11	517
Other Trust Funds				
Bray Endowed Capital	973	-	21	994
Bray Charity	63	-	1	64
D'Allone Charity	130	-	2	132
	<u>1,166</u>	<u>-</u>	<u>24</u>	<u>1,190</u>
	<u>9,094</u>	<u>232</u>	<u>(1,216)</u>	<u>8,110</u>
	Balance at 1 May 2020 £'000	Income £'000	Losses £'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
	<u>957</u>	<u>-</u>	<u>209</u>	<u>1,166</u>
	<u>7,581</u>	<u>227</u>	<u>1,286</u>	<u>9,094</u>

15. Restricted Funds: Group and Charity

	Balance at 1 May 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 30 April 2022 £'000
Other UK Projects	82	24	(30)	-	76
	82	24	(30)	-	76

	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

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

Restricted funds represent amounts that were donated to support specific projects such as African Theological Network Press, Assemblies and Ordinands.

16. Unrestricted Funds

Group	Balance at 1 May 2021	Income	Expenditure	Transfers	Gains	Balance at 30 April 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Leech Fund	4,931	-	-	-	(544)	4,387
Designated funds 1	200	-	-	200	-	400
Designated funds 2	200	-	-	(178)	-	22
Other charitable funds	(1,698)	8,149	(8,073)	(22)	7	(1,637)
Total	3,633	8,149	(8,073)	0	(537)	3,172

Charity	Balance at 1 May 2021	Income	Expenditure	Transfers	Gains	Balance at 30 April 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Leech fund	4,931	-	-	-	(544)	4,387
Designated funds 1	200	-	-	200	-	400
Designated funds 2	200	-	-	(178)	-	22
Other charitable funds	(583)	6,907	(6,367)	(22)	7	(58)
Total	4,748	6,907	(6,367)	0	(537)	4,751

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	(5,083)	(387)	585	(1,698)
Total	1,868	5,442	(5,083)	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

In a Governing Body meeting 4 July 2020 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.

17. 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 2022 are represented by:				
Tangible fixed assets	-	-	-	-
Intangible fixed assets	50	-	-	50
Investments	8,373	-	8,110	16,483
Stock	1,313	-	-	1,313
Other current assets	1,717	76	-	1,793
Current liabilities	(2,104)	-	-	(2,104)
Long-term liabilities	(333)	-	-	(333)
Pension Provision	(5,844)	-	-	(5,844)
Total net assets	3,172	76	8,110	11,358

Freely available reserves are defined as Unrestricted Funds that are freely available to spend on any of the charity's purposes. On this basis, the Society has available reserves of £504,000 at the end of the current period (2021: £773,000).

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total £'000
Fund balances at 30 April 2021 are represented by:				
Tangible fixed assets	-	-	-	-
Intangible fixed assets	15	-	-	15
Investments	8,665	-	9,094	17,759
Stock	760	-	-	760
Other current assets	2,234	82	-	2,316
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

18. Transactions with IVP

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

	2022 £'000	2021 £'000
Management charge paid by IVP	869	834
At the year end the amount owed to SPCK was:	1,805	1,320

19. Post Balance Sheet Events

Change in Distributor

On 5th May 2022, SPCK signed a new distribution agreement with John Wiley & Sons, which will replace the existing distribution relationships with Macmillan Distribution (from 1st September 2022) and Marston Book Services (from February 2023). This is a significant strategic move in putting ex-SPCK/IVP and ex-Lion Hudson titles along with client publishers under one roof.

Change in Investment Fund Manager

In summer 2022 the trustees initiated an exercise to restructure all of SPCK's directly managed investments to a new provider with the objectives:

- improve investment returns and portfolio performance over the longer term;
- align investments with SPCK investment policy; and
- offer access to funds by way of a loan allowing SPCK to unlock its significant investment portfolio without selling its investments

Based on this remit Cazenove was chosen as SPCK investment fund manager.