

SARUM ST MICHAEL EDUCATIONAL CHARITY

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

CHARITY NO: 309456

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**FLETCHER & PARTNERS
CHARTERED ACCOUNTANTS
SALISBURY**

SARUM ST MICHAEL EDUCATIONAL CHARITY
REPORT OF THE MANAGING TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

The Managing Trustees present this report together with the financial statements of the Charity for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out on pages 10 and 11 and comply with the Charity Commission Order, the Charities Act 2011 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) - Charities SORP (FRS 102).

Registered Charity Number	309456 (in England and Wales)
Registered Address	Room 2, Suite 1 Second Floor North Cross Keys House 22 Queen Street, Salisbury SP1 1EY
Governors	
<u>Ex Officio Governors</u>	
The Bishop of Salisbury	The Right Revd Stephen Lake (from 19 June 2022)
The Acting Bishop of Salisbury	The Right Revd Karen Gorham (to 19 June 2022)
The Dean of Salisbury	The Very Revd Canon Nicholas Papadopoulos
The Diocesan Director of Education	Mrs J Tubbs
The Diocesan Secretary	Mr D Pain
The Chapter Clerk of Salisbury Cathedral	Mrs J Molnar
<u>Nominative Governors</u>	
Salisbury Diocesan Synod	The Very Revd Dr A Knight (Chairman - Retired 10 February 2022) Revd A Keating (Retired 9 February 2023) Mr J Leigh (Chairman - from 10 February 2022)
Salisbury Diocesan Board of Education	Mrs J A Pitcher (Vice- Chairman) The Revd Professor E Stuart Mrs D Wood
<u>Additional Governors</u>	The Revd F J Dunlop Mr R Sykes (Retired 1 September 2022) Mr T Almond (Appointed 10 February 2022) Ms I Deverill (Appointed 9 February 2023)
Clerk to the Governors	Mr N R Allen
Banker	Lloyds Bank plc 38 Blue Boar Row Salisbury Wiltshire SP1 1DB
Solicitor	Parker Bullen 45 Castle Street Salisbury Wiltshire SP1 3SS
Independent Examiner	Mrs N A Halls FCA Fletcher & Partners Crown Chambers Bridge Street Salisbury Wiltshire SP1 2LZ
Investment Manager	Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QP

STRUCTURE, GOVERNANCE AND MANAGEMENT

Sarum St Michael Educational Charity is a Registered Charity founded in 1979 and is regulated under the Charity Commission scheme of 24 January 1980. In June 2004 the Charity Commission gave an order to amend the original scheme, allowing the appointment of two additional Governors and another ex-officio Governor.

The Charity is managed by the Managing Trustees (known as Governors) who comprise five ex-officio Governors (as shown on page 1 of this report) and five nominative Governors consisting of three from the Salisbury Diocesan Board of Education and two from the Synod of the Diocese of Salisbury. The Salisbury Diocesan Board of Education is the Custodian Trustee of the Charity.

The Governors may appoint not more than four additional Governors to hold office for a term of two years. Every appointment shall be made by a resolution of the Governors to be passed at a meeting of their body.

The appointment of governors is undertaken after consultation with both the Diocesan Synod and the Salisbury Diocesan Board of Education. The aim is that the Board of Governors should have as wide a breadth of experience as possible to include religious, educational, legal and financial knowledge.

Governors

Before new Governors are appointed they are invited to attend a Governors' meeting as an observer. In addition they are given a copy of the Charity Commission's Order for the Charity so that they fully understand the conditions and criteria in the Order that they will have to observe. They also receive a copy of the latest annual report and accounts and investment management report.

Organisation

The Managing Trustees meet four or five times a year to determine grants and other expenditure. They review policy, consider financial statements and receive reports by the investment manager.

At each of the Governors' meetings personal, parish, school and corporate grant applications are considered and the decision whether or not to award grants and the level of the award is reached with the consensus of the Governors present. There is a quorum when four Governors are present at the meeting.

Day-to-day management of the Charity is delegated to the Clerk to the Governors, assisted by a secretary/book-keeper. The Chairman of the Governors regularly discusses the management of the Charity with the Clerk.

SARUM ST MICHAEL EDUCATIONAL CHARITY
REPORT OF THE MANAGING TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022
(Continued)

Policy on Grant-Making

The Charity pursues its policy by making grants in accordance with its object, normally to those living or studying in the Diocese of Salisbury or an adjoining Diocese, for the public benefit.

Teaching bursaries for students who are intending to specialise in Religious Education (RE) and will take appropriate courses in Primary or Secondary Education are considered every year.

The Charity has its own website and invites applications for grants by that means as well as through other publicity. All applicants must complete a standard form. Grants for persons attending educational establishments are continued only if the applicant remains at that establishment. Grants to institutions to fund specific projects or posts are awarded on condition that for the term of the grant a report on the achievements of the project or post is received each year.

Risk Management

The Charity's Managing Trustees have considered the risks to which the Charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. The Governors believe that the variability of investment returns constitutes the Charity's main risk. The Governors appointed the current investment manager in 2012 (Investec Wealth & Investment Ltd) and in 2018 conducted an internal formal review of their performance from January 2013 to December 2017. Governors concluded that this had been satisfactory and plan another review in 2023 of performance in the five years ending December 2022, unless circumstances point to the need for an earlier one.

OBJECTIVES AND ACTIVITIES

The object of the Charity is the advancement of education in accordance with the principles and doctrines of the Church of England in one or more of the following ways:

- (a) in the promotion of the education and training of persons who are, or intend to become, engaged as teachers or otherwise in work connected with religious education;
- (b) in the promotion of research in, and development of, religious education;
- (c) in the provision and conduct, or assistance in the provision and conduct, of a chapel and chaplaincy providing for students' religious worship, instruction and care;
- (d) in the promotion of education by the provision of instruction, classes, lectures, books, libraries and reading rooms;
- (e) in making grants to persons in need of financial assistance to enable them to attend an establishment of higher or further education or otherwise to pursue their education;
- (f) and in such ways as the Governors may from time to time determine.

The Charity pursues its objectives by making grants to individuals and institutions such as universities, schools, parishes and other religious establishments. The Charity is an active member of the Religious Education Council (REC) and the Association of Church College Trusts (ACCT), with the aim of supporting national efforts to promote the cause of religious education.

When planning the activities for the year, the Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit. The Charity's aims are entirely consistent with grants being awarded for the public benefit.

The Trustees' aim in 2022 was to allocate grants so that 45% was for personal grants and bursaries, 50% for corporate grants, 3% for schools and 2% for parishes.

SARUM ST MICHAEL EDUCATIONAL CHARITY
REPORT OF THE MANAGING TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022
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ACHIEVEMENTS AND PERFORMANCE

Fifty nine applications were received during 2022. Of the forty- four personal applicants, thirty- six were successful. Four of the seven corporate applications were successful. There were six school applications and nil parish applications, five of the school applications were successful.

The Charity approved new grants totalling £125,089 in the year. Of the grants approved in 2022, £3,070 due for payment in 2022 were deferred to 2023. During 2022 the Charity paid grants totalling £137,594 (2021: £162,501) and grants of £1,500 were refunded (2021: £5,566).

The division of grants paid between recipients differed from the proposed target and worked out at 33.9% for personal applicants (including one channelled through Winchester University), 65.4% for corporate applications, 0.8% for schools and 0.0% for parishes. The analysis of grants is shown in note 4 to the accounts.

A selection of comments from beneficiaries is annexed.

One trustee attended the ACCT Horizons Seminar in March 2022, focussing on the impact funders want to make on religious education (RE).

FINANCIAL REVIEW

The Charity is reliant on the income from its investments. Total investment income for the year was £157,909 (2021: £163,001).

The investment management costs for 2022 were £35,359 (2021: £37,113), of which £34,604 related to endowments (2021: £36,295). Administration and premises costs were £26,926, of which £25,580 (95%) were allocated to other support costs and the balance £1,346 to governance costs, which in all totalled £5,478 for 2022 (2021: £6,627). Other support costs and governance costs were then allocated to charitable activities, giving a total of £167,152 for the cost of grants payable (2021: £188,608).

Total expenditure was £202,511, of which £34,604 related to endowment funds, and the net expenditure for the year was £44,602 (2021: net expenditure of £62,720). However, investment losses for the year were £831,550 (2021: gains of £612,062), making a net movement in funds for the year a £876,152 deficit (2021: £549,342 surplus).

At the end of the year the net assets of the Charity were £6,014,051 (2021: £6,890,203).

Grants approved in 2022 and earlier years for payment in 2022, but deferred to 2022, totalled £3,070. Grants approved for payment in 2023 totalled £76,150, in 2024 £1,785. This gave a total of £81,005 approved but not paid at the end of the year. As is usual policy, these future years' grants have been designated for payment from accumulated income, which has been set aside in a designated fund for grants payable in 2023 to 2025.

SARUM ST MICHAEL EDUCATIONAL CHARITY
REPORT OF THE MANAGING TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022
(Continued)

Investment Policy and Performance

Investec has been instructed to manage the main portfolio (Endowment Fund) to enhance the real value of the capital and income of the Fund and to aim for a target return of RPI plus 3%, net of fees. The charity's aim is to sustain the income stream in the region of £160,000 (as at end 2011) in real terms.

The year was an exceptionally poor one for markets with, unusually, equities and bonds performing badly at the same time. Income for 2022 fell below the target of £160,000 in both absolute and real terms. The effect was visible in the Charity's main portfolio, which significantly underperformed its benchmark of RPI+3% (producing a return of -10.3% against benchmark of +16.5%). Investment income is forecast at £150,000 to £155,000 for 2023.

At the end of 2022, the main portfolio valued at £5,828,094 consisted of 30.5% UK Equities, 38.3% Overseas Equities, 15.5% Fixed Income, 6.8% Property, 8.5% Alternatives and 0.4% Cash.

The benchmark of RPI+3% aimed to preserve the value of the capital in line with inflation, while generating 3% income to award in grants. However, RPI has been discredited for some time as a measure of inflation. It has generally exceeded CPI by about 1% annually and to achieve a benchmark based on RPI entailed taking a slightly higher level of risk. Most charities now use the Consumer Prices Index (CPI). Having taken advice from Investec, Governors decided at their first meeting in 2023 to change the benchmark with immediate effect to CPI+3%.

Investec has also been instructed to manage the smaller accumulated income portfolio. Their objective is to enhance the value of the capital and income of the fund with the avoidance of undue risk as the fund will be drawn down and spent when suitable opportunities arise. At the end of 2022 the portfolio valued at £203,121 consisted of 35.8% UK Equities, 41.8% Fixed Income and 22.4% Cash.

Investec has reported that the total return on the accumulated income portfolio was -5.82% net of fees. This compares with the benchmark return of -11.05% (Bespoke benchmark comprising 45% Fixed Interest, 40% UK Equities and 15% Cash).

The investment manager has been instructed to adhere to the ethical investment policy of the Church of England, and to favour companies that display a positive approach to governance and sustainability.

Reserves Policy

The Charity has a general reserve of accumulated income the level of which was reviewed by the Governors in April 2016. It was decided that the general reserve should cover a minimum of one year's future support and governance costs. However, this reserve is after transfers of accumulated income to the designated fund for the grants approved for payment by the end of the next three financial years.

The total reserves at the 31 December 2022 were £218,635 (2021:£243,205). Of this, the general reserve at 31 December 2022 stood at £137,630 (2021: £81,680).

The inflation-adjusted value of the endowed capital funds whose original value was £907,698 at 24 January 1980 was £5,261,086 at December 2022. This compares with the market value of £5,816,892 at 31 December 2022.

PLANS FOR FUTURE PERIODS

The Governors have set a total grant budget for 2023 of £180,550 exclusive of support costs. This includes £79,220 for grants already approved for payment in 2023 plus deferred 2022 grants, and £102,000 of new grants.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The purpose of this statement is to distinguish the trustees' responsibilities for the accounts from those of the independent examiners, as stated in their report.

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and 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 incoming resources and application of resources 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;
- make judgements and estimates that are reasonable and prudent;
- observe the methods and principles in the Charities SORP;
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the Charity will be able to continue to meet its objectives.

The trustees are responsible for keeping proper accounting records which are such as to disclose, with reasonable accuracy, the Charity's financial position at any time, and to enable the trustees to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the charity's constitution. They are also responsible for safeguarding the Charity's assets, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 27 April 2023 and signed on their behalf by:

J Leigh

Chairman of Trustees

INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF
SARUM ST MICHAEL EDUCATIONAL CHARITY

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I report to the trustees on my examination of the accounts of the Sarum St Michael Educational Charity (the Charity) for the year ended 31 December 2022, which are set out on pages 8 to 16..

Responsibilities and basis of report

As the charity trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- (1) accounting records were not kept in respect of the Charity as required by section 130 of the Act; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination;

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Nicola A Halls

Mrs N A Halls FCA
Fletcher & Partners Chartered Accountants
Crown Chambers
Bridge Street Salisbury
Wiltshire
SP1 2LZ

Date: 2 May 2023

SARUM ST MICHAEL EDUCATIONAL CHARITY
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	<u>Unrestricted Funds</u>	<u>Endowment Funds</u>	<u>Total 2022</u>	<u>Total 2021</u>
INCOME FROM:					
Investments	2	157,909	-	157,909	163,001
TOTAL		<u>157,909</u>	<u>-</u>	<u>157,909</u>	<u>163,001</u>
EXPENDITURE ON:					
Raising funds:					
Investment management costs	3	755	34,604	35,359	37,113
Charitable activities:					
Grants payable	4	167,152	-	167,152	188,608
TOTAL		<u>167,907</u>	<u>34,604</u>	<u>202,511</u>	<u>225,721</u>
NET INCOME/(EXPENDITURE) BEFORE GAINS/(LOSSES) ON INVESTMENTS:					
		(9,998)	(34,604)	(44,602)	(62,720)
NET GAINS/(LOSSES) ON INVESTMENTS:					
Realised gains/(losses) on investments		(2,829)	(181,989)	(184,818)	44,007
Unrealised gains/(losses) on investments	8	(11,743)	(634,989)	(646,732)	568,055
NET INCOME/(EXPENDITURE)		<u>(24,570)</u>	<u>(851,582)</u>	<u>(876,152)</u>	<u>549,342</u>
Transfers between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(24,570)	(851,582)	(876,152)	549,342
RECONCILIATION OF FUNDS:					
Total funds brought forward	11, 12	<u>243,205</u>	<u>6,646,998</u>	<u>6,890,203</u>	<u>6,340,861</u>
Total funds carried forward	11, 12	<u>£ 218,635</u>	<u>£ 5,795,416</u>	<u>£ 6,014,051</u>	<u>£ 6,890,203</u>

The statement of financial activities includes all gains and losses recognised in the years 2022 and 2021.

The notes on pages 10 to 16 form part of these accounts.

SARUM ST MICHAEL EDUCATIONAL CHARITY
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

2021 COMPARATIVES ONLY

	<u>Note</u>	<u>Unrestricted Funds</u>	<u>Endowment Funds</u>	<u>Total 2021</u>	<u>Total 2020</u>
INCOME FROM:					
Investments	2	163,001	-	163,001	150,478
TOTAL		<u>163,001</u>	<u>-</u>	<u>163,001</u>	<u>150,478</u>
EXPENDITURE ON:					
Raising funds:					
Investment management	3	818	36,295	37,113	34,491
Charitable activities:					
Grants payable	4	188,608	-	188,608	211,143
TOTAL		<u>189,426</u>	<u>36,295</u>	<u>225,721</u>	<u>245,634</u>
NET INCOME/(EXPENDITURE)		(26,425)	(36,295)	(62,720)	(95,156)
NET GAINS/(LOSSES) ON INVESTMENTS:					
Realised gains/(losses) on investments		(2,016)	46,023	44,007	(199,699)
Unrealised gains/(losses) on inv	8	9,288	558,767	568,055	308,666
NET INCOME/(EXPENDITURE)		<u>(19,153)</u>	<u>568,495</u>	<u>549,342</u>	<u>13,811</u>
Transfers between funds		-	-	-	-
NET MOVEMENT IN FUNDS		(19,153)	568,495	549,342	13,811
RECONCILIATION OF FUNDS:					
Total funds brought forward	11, 12	<u>262,358</u>	<u>6,078,503</u>	<u>6,340,861</u>	<u>6,327,050</u>
Total funds carried forward	11, 12	<u>£ 243,205</u>	<u>£ 6,646,998</u>	<u>£ 6,890,203</u>	<u>£ 6,340,861</u>

The statement of financial activities includes all gains and losses recognised in the years 2021 and 2020.

The notes on pages 10 to 16 form part of these accounts.

SARUM ST MICHAEL EDUCATIONAL CHARITY
BALANCE SHEET
AS AT 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
FIXED ASSETS:			
Tangible assets	7	-	-
Investments	8	5,816,892	6,668,988
Endowment Funds	8	182,685	166,527
Unrestricted Funds		<u>5,999,577</u>	<u>6,835,515</u>
Total fixed assets			
CURRENT ASSETS:			
Investments	8	20,184	54,024
Unrestricted Funds	9	1,058	1,859
Debtors		6,531	12,689
Cash at bank and in hand		<u>27,773</u>	<u>68,572</u>
Total current assets			
LIABILITIES:			
CREDITORS: amounts falling due within one year	10	(13,299)	(13,884)
NET CURRENT ASSETS/(LIABILITIES)		<u>14,474</u>	<u>54,688</u>
TOTAL NET ASSETS		<u>£ 6,014,051</u>	<u>£ 6,890,203</u>
THE FUNDS OF THE CHARITY:			
Endowment Funds	11	5,795,416	6,646,998
Unrestricted Funds	12	218,635	243,205
TOTAL CHARITY FUNDS	14	<u>£ 6,014,051</u>	<u>£ 6,890,203</u>
		-	-

Approved by the Managing Trustees on 27 April 2023

and signed on their behalf by :

J Leigh

Chairman of Trustees

1. ACCOUNTING POLICIES

a Basis of preparing the financial statements

The financial statements of the Charity are prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective from 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2019. The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn. These financial statements are drawn up on the historical cost accounting basis except that investment assets are carried at market value. The charity constitutes a public benefit entity as defined by FRS 102. A summary of the more important accounting policies is set out below.

b Preparation of the accounts on a going concern basis

The adverse global economic events had a financial impact on the Charity in the year to 31 December 2022, with investment income and values reduced in comparison with the previous year. The number of grants paid fell in the year. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. There are no material judgements that affect the accounts. The main source of estimation uncertainty for 2023 relates to the value of investments and investment income.

c Fund structure

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes (see note 12).

The endowment fund represents those assets which must be held permanently by the Charity. Income arising on the endowment fund is to be used in accordance with the objects of the Charity and is included as unrestricted income. Any realised or unrealised capital gains or losses arising on the investments form part of the fund.

d Income

Income is accounted for in the period in which the Charity is entitled to the income, it is probable that the income will be received and the amount of income can be measured reliably. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest is recognised when receivable.

e Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is included on an accruals basis and includes VAT where charged.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled.

f Allocation of support costs and governance costs

Support costs have been differentiated between governance costs and other support costs.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit or independent examination together with an apportionment of support costs.

Governance and other support costs relating to charitable activities have been apportioned based on the number of grants awarded per category of grant in recognition that the administrative burden of awarding and monitoring each grant is broadly equivalent.

The allocation of support and governance costs is analysed in note 5.

SARUM ST MICHAEL EDUCATIONAL CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (Continued)

g Expenditure on raising funds

Expenditure on raising funds comprise investment management costs.

h Charitable activities

Costs of Charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 4.

i Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation is provided on fixed assets at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment:	25% per annum on cost
Office equipment:	20% per annum on cost
Office furniture:	10% per annum on cost

j Fixed asset investments

Fixed asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value (mid market price) as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not acquire put options, derivatives or other complex financial instruments.

k Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between the sale proceeds and opening market value (or purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

l Debtors

Debtors are measured at the amounts the charity anticipates it will receive from a debt or the amount it has paid in advance for goods or services.

m Cash at bank and in hand

Cash at bank and in hand includes cash and cash on deposit.

n Liabilities

Liabilities are measured at the amounts the charity anticipates it will pay to settle a debt or the amount it has received as an advance payment for goods or services it must provide.

o Financial Instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. These are recognised at amortised cost, except for investments which are measured at fair value with changes recognised on the Statement of Financial Activities.

p Leases

Commitments in respect to rent and other charges paid under operating leases are shown in the notes to the accounts. Costs are recognised in the SOFA on a straight line basis over the lease term.

2. INCOME FROM INVESTMENTS

	<u>2022</u>	<u>2021</u>
Income from listed investments	157,581	163,001
Interest received on cash deposits	328	-
	<u>£ 157,909</u>	<u>£ 163,001</u>

All investment income is unrestricted.

3. EXPENDITURE ON RAISING FUNDS

	<u>2022</u>	<u>2021</u>
Investment management costs	755	818
Unrestricted funds	34,604	36,295
Endowment funds	<u>£ 35,359</u>	<u>£ 37,113</u>

SARUM ST MICHAEL EDUCATIONAL CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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4. ANALYSIS OF CHARITABLE EXPENDITURE

The charity undertook no direct charitable activities but awarded grants to a number of individuals and institutions in furtherance of its charitable activities. All grants approved are subject to the recipient fulfilling certain conditions. The amount payable in the year comprises:

2022 Object/activity per Trustees' report	Number of Grants	Grants to Institutions		Grants to Individuals		Support and governance costs	Total 2022
		Awarded	Refunded	Awarded	Refunded		
a) Training for RE teaching (1)	1	-		2,500	-	634	3,134
b) RE research and development	-		-	-	-	-	-
c) Chapel and chaplaincy	-		-	-		-	-
d) Teaching resources	9	90,026	-	-	-	5,705	95,731
e) Financial assistance	39	-	-	45,068	(1,500)	24,719	68,287
	<u>49</u>	<u>£ 90,026</u>	<u>£ -</u>	<u>£ 47,568</u>	<u>£ (1,500)</u>	<u>£ 31,058</u>	<u>£ 167,152</u>

2021 Object/activity per Trustees' report	Number of Grants	Grants to Institutions		Grants to Individuals		Support and governance costs	Total 2021
		Awarded	Refunded	Awarded	Refunded		
a) Training for RE teaching (6)	2	-		15,000	-	546	15,546
b) RE research and development	-		-	-	-	-	-
c) Chapel and chaplaincy	-		-	-		-	-
d) Teaching resources	8	90,461	(330)	-	-	4,369	94,500
e) Financial assistance	48	-	-	57,040	(5,236)	26,758	78,562
	<u>58</u>	<u>£ 90,461</u>	<u>£ (330)</u>	<u>£ 72,040</u>	<u>£ (5,236)</u>	<u>£ 31,673</u>	<u>£ 188,608</u>

All expenditure on charitable activities was from unrestricted funds in 2021 and 2022.

The largest institutional grants made in 2022 were:

- d) Teaching resources
£68,000 to the Salisbury Diocesan Board of Education - £68,000 to support the employment of the Diocesan RE Adviser and SIAMS (Statutory Inspection of Anglican and Methodist Schools) manager and the development of the work of the School Effectiveness Advisers.

The REC (Religion Education Council) received £10,000 as a contribution towards the CEO's and assistant's salary over 3 years. The Morning Star Trust, a Christian sailing charity, received £1,200 contribution to various voyages for youngsters in 2023.

The Bridge Youth Project received £5,000 for training and upskilling of their chaplains.

Sarum College received £4,261 match funding for digital library resources.

The Lantern Church received £500 funding for input by the Christian charity TLG (Transforming Lives for Good), The balance of institutional grants was made up of 3 grants totalling £1,065.

SARUM ST MICHAEL EDUCATIONAL CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. ALLOCATION OF GOVERNANCE AND OTHER SUPPORT COSTS

The breakdown of support costs and how these were allocated between governance (5%) and other support costs (95%) is shown in the table below.

	<u>Basis of allocation</u>	<u>Other support costs</u>	<u>Governance costs</u>	<u>Total 2022</u>	<u>Total 2021</u>
Staff costs	Staff time	17,070	898	17,968	17,527
Office premises costs	Staff time	5,034	265	5,299	5,744
Office administrative costs	Staff time	2,441	128	2,569	1,810
Legal and professional costs	Staff time	1,035	55	1,090	1,283
Depreciation	Staff time	-	-	-	-
		<u>£ 25,580</u>	<u>£ 1,346</u>	<u>£ 26,926</u>	<u>£ 26,364</u>

GOVERNANCE COSTS

		<u>2022</u>	<u>2021</u>
Accountants' remuneration	for accountancy services	1,926	2,649
	for independent examination	1,926	2,649
Cost of meetings		280	11
Support costs (5%)		1,346	1,318
		<u>£ 5,478</u>	<u>£ 6,627</u>

TOTAL SUPPORT COSTS

	<u>2022</u>	<u>2021</u>
Other support costs	25,580	25,046
Governance costs	5,478	6,627
	<u>£ 31,058</u>	<u>£ 31,673</u>

The total support cost attributable to charitable activities (grants payable) is apportioned pro rata by the number of grants awarded per category of grant as shown in note 4.

6. ANALYSIS OF STAFF COSTS

	<u>2022</u>	<u>2021</u>
Salaries	17,968	17,527
Social security costs	-	-
	<u>£ 17,968</u>	<u>£ 17,527</u>

The average number of employees during the year was 2 (2021 - 2).
No employees had emoluments above £60,000 in 2022 or 2021.

The day to day operations of the charity is delegated by the Trustees to the Clerk who is considered to be the key management person. The total cost of key management personnel during the year was £10,954.

Trustees received no remuneration or benefits (2021 - nil). Amounts reimbursed in the year amounted to £Nil (2021: £11 - 1 trustees).

SARUM ST MICHAEL EDUCATIONAL CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. TANGIBLE FIXED ASSETS

	Computer Equipment	Office Furniture	Office Equipment	Total
Cost				
At 1 January 2022	908	238	418	1,564
Additions	-	-	-	-
Disposals	(908)	(65)	-	(973)
At 31 December 2022	-	173	418	591
Depreciation				
At 1 January 2022	908	238	418	1,564
Charge for the year	-	-	-	-
Accumulated depreciation	(908)	(65)	-	(973)
At 31 December 2022	-	173	418	591
Net Book Value				
At 31 December 2022	£ -	£ -	£ -	£ -
At 1 January 2022	£ -	£ -	£ -	£ -

8. FIXED ASSET INVESTMENTS

	<u>Endowment Funds</u>		<u>Unrestricted Funds</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Listed Investments				
Market value at 1 January	6,552,925	6,063,962	166,527	200,344
Additions to investments at cost	1,324,166	912,877	48,189	15,029
Disposals at carrying value	(1,448,700)	(982,681)	(45,689)	(58,134)
Net gain/(loss) on revaluation	(634,989)	558,767	(11,743)	9,288
Market value at 31 December	£ 5,793,402	£ 6,552,925	£ 157,284	£ 166,527
Historical cost as at 31 December	£ 4,875,390	£ 4,663,190	£ 143,130	£ 134,301
Cash with Investment Managers				
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Held at 1 January	116,063	35,808	54,024	40,926
Investment income	-	-	157,660	162,820
Proceeds from sale of investments	1,266,711	1,027,286	42,860	56,118
Other investment receipts (redemption proceeds, equalisation etc)	-	1,418	-	-
Expended on investment purchases	(1,323,917)	(912,694)	(48,189)	(15,029)
Investment management charges	(35,367)	(35,755)	(770)	(811)
Transferred to general bank account			(160,000)	(190,000)
Held at 31 December	£ 23,490	£ 116,063	£ 45,585	£ 54,024
Viewed as current asset capital cash (transferred to general bank account within 6 months)	-	-	20,184	54,024
Viewed as fixed asset capital cash	£ 23,490	£ 116,063	£ 25,401	£ -
Total Fixed Asset Investments	£ 5,816,892	£ 6,668,988	£ 182,685	£ 166,527

9. DEBTORS AND PREPAYMENTS

	<u>2022</u>	<u>2021</u>
Other debtors	-	1,395
Prepayments	1,058	464
	£ 1,058	£ 1,859

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2022</u>	<u>2021</u>
Trade creditors	-	-
Accruals and deferred income	12,735	13,316
Taxation and social security	564	568
	£ 13,299	£ 13,884

SARUM ST MICHAEL EDUCATIONAL CHARITY
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. ENDOWMENT FUNDS

	Balance at 31.12.21	Incoming Resources	Resources expended	Gains/(losses) arising in year	Transfers	Balance at 31.12.22
Main Fund	£ 6,646,998	£ -	£ (34,604)	£ (816,978)	£ -	£ 5,795,416
	Balance at 31.12.20	Incoming Resources	Resources expended	Gains/(losses) arising in year	Transfers	Balance at 31.12.21
Main Fund	£ 6,078,503	£ -	£ (36,295)	£ 604,790	£ -	£ 6,646,998

The Main Fund was established in 1980 from the assets of the College of Sarum St Michael, which was the Church of England's Teacher Training College in The Close, Salisbury.

12. UNRESTRICTED FUNDS

	Balance at 31.12.21	Incoming Resources	Resources expended	Gains/(losses) arising in year	Transfers	Balance at 31.12.22
Designated Fund for grants payable in:						
2020	-	-	-	-	-	-
2021	12,415	-	-	-	(12,415)	-
2022	79,110	-	-	-	(79,110)	-
2023	70,000	-	-	-	9,220	79,220
2024	-	-	-	-	1,785	1,785
2025	-	-	-	-	-	-
	161,525	-	-	-	(80,520)	81,005
General Reserve	81,680	157,909	(167,907)	(14,572)	80,520	137,630
	£ 243,205	£ 157,909	£ (167,907)	£ (14,572)	£ -	£ 218,635
	Balance at 31.12.20	Incoming Resources	Resources expended	Gains/(losses) arising in year	Transfers	Balance at 31.12.21
Designated Fund for grants payable in:						
2020	11,218	-	-	-	(11,218)	-
2021	106,497	-	-	-	(94,082)	12,415
2022	79,280	-	-	-	(170)	79,110
2023	69,100	-	-	-	900	70,000
2024	-	-	-	-	-	-
	266,095	-	-	-	(104,570)	161,525
General Reserve	(3,737)	163,001	(189,426)	7,272	104,570	81,680
	£ 262,358	£ 163,001	£ (189,426)	£ 7,272	£ -	£ 243,205

The designated funds represent accumulated income set aside for grants approved for payment by 31 December 2025. Transfers are made to/(from) the General Reserve to ensure that sufficient funds are designated for grants payable.

13. OPERATING LEASES - Land and Buildings

At 31 December 2022 the Charity had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
Not later than 1 year	1,912	4,950
Later than 1 year and not later than 5 years	-	1,912
Later than 5 years	-	-
	£ 1,912	£ 6,862

Lease costs expensed in the year were £5,306

SARUM ST MICHAEL EDUCATIONAL CHARITY
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FOR THE YEAR ENDED 31 DECEMBER 2022

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

At 31 December 2022

Fund balances are represented by:

	Endowment <u>Funds</u>	Unrestricted <u>Funds</u>	<u>Total</u>
Tangible fixed assets	-	-	-
Fixed asset investments	5,816,892	182,685	5,999,577
Current asset investments	-	20,184	20,184
Debtors	-	1,058	1,058
Cash at bank and in hand	(12,860)	19,391	6,531
Creditors: amounts falling due within one year	(8,616)	(4,683)	(13,299)
Total net assets	<u>£ 5,795,416</u>	<u>£ 218,635</u>	<u>£ 6,014,051</u>

At 31 December 2021

Fund balances are represented by:

	Endowment <u>Funds</u>	Unrestricted <u>Funds</u>	<u>Total</u>
Tangible fixed assets	-	-	-
Fixed asset investments	6,668,988	166,527	6,835,515
Current asset investments	-	54,024	54,024
Debtors	-	1,859	1,859
Cash at bank and in hand	(12,611)	25,300	12,689
Creditors: amounts falling due within one year	(9,379)	(4,505)	(13,884)
Total net assets	<u>£ 6,646,998</u>	<u>£ 243,205</u>	<u>£ 6,890,203</u>

15. RELATED PARTY TRANSACTIONS

There were no related party transactions in 2022 or 2021.

SARUM ST MICHAEL EDUCATIONAL CHARITY
ANNEX
FOR THE YEAR ENDED 31 DECEMBER 2022

Comments from Beneficiaries

I wanted to express my huge thanks to Sarum St Michael for supporting my studies through a grant. Not only has the financial aspect made my studies possible but the knowledge of being supported has been a significant encouragement throughout these strange times we find ourselves living in. *CR*

I am just writing to say a massive thank you to Sarum St Michael Educational Charity for supporting me in my venture to become a veterinary surgeon. I have my graduation ceremony on the Thursday 14th July, and start my veterinary adventures on the 1st August, working as a small animal veterinarian. Without your support to help with my tuition fees, I would not have been able to undertake my life-long ambition to become a veterinarian surgeon and again, I would like to say thank you. *CB*

Thanks to your kind grant I was able to attend the Sarum summer school last week studying Bonhoeffer's 'Letters and papers from prison' as part of my current sabbatical. I found it a tremendously valuable time. Thank you very much for making it possible for me to attend. *TY*

I wanted to express my warmest thanks for your generous grant to cover the fees for my MA in Theology, Imagination and Culture at Sarum College. I am pleased to say that I have now finished and that I received a distinction for my dissertation on human flourishing and the culture of whiteness in Church of England Primary Schools. This work is already having a direct impact on the 150 schools I work with. Again I am extremely grateful to you for making this course possible, I thoroughly enjoyed my studies at Sarum College and would not have been able to pursue this without your support. *JK*

I am very grateful to the Sarum St Michael bursary for their funding. I am a mature student who spent nearly 20 years as a church-based youth worker in both Anglican and Baptist settings, so I hoped that I would have the transferable skills to move into secondary RE teaching. Even so, taking a year out of work to retrain was definitely a leap of faith and as I live in a rural location one of the main expenses has been getting to and from university and school placements. I am very grateful to the Sarum St Michael bursary for their very practical assistance which has enabled me to focus on my studies and prepare lessons without additional financial worries getting in the way. *RE*

My studies have significantly benefited for the Sarum St Michael bursary this academic year. This money has helped me stay on top of my bills and continue to put fuel in my car to get to the school. The rising cost of living has been increasingly difficult during this time and the money from the charity has relieved some financial pressure. Moreover, pre-Christmas the income allowed me to purchase vital textbooks, which I would not otherwise have been able to buy. This scheme is a very kind act, which I am sure enables many student teachers, like myself, to reach their full potential. *FM*