

Southwark Diocesan Board of Education Incorporated

Annual Report and Financial Statements

31 December 2020

Company Limited by Guarantee
Registration Number 00086641
(England and Wales)

Charity Registration Number
313001

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Reference and administrative information Year to 31 December 2020

Trustees	The Rt Revd Christopher Chessun (President) The Rt Revd Jonathan Clark (Chair) The Revd Susan Lynn Billin Mr Martin Brecknell Mrs Elizabeth Broad (appointed 13 May 2020) Ms Julia Corby (appointed 30 January 2020) The Revd Canon Stephen Coulson Mrs Pam Davies Mr John Dewhurst Mrs Helen Dixon Mrs Virginia Eaton Mr Malcolm Edwards CBE The Revd Dr Mark Garner (resigned 2 July 2020) The Revd Capt. Jeremy Garton (appointed 30 January 2020) Mrs Riana Gouws The Revd Annie Kurk Mr Robert Love MBE Miss Maria McBean (appointed 13 November 2020) The Ven Dr Rosemarie Mallett (appointed 13 November 2020) The Revd Esther Moorey The Revd Dr Sharon Moughtin-Mumby Dr David Muir (appointed 13 November 2020) Mr Ekundayo Olomu The Revd Peter Organ Dr Nicholas Shepherd Mrs Penny Smith-Orr The Ven Dr Jane Steen (resigned 5 November 2020) Dr Catharina Stibe Hickson The Revd Ariadne van den Hof Mrs Alison Venn The Revd Andrew Williams The Revd Erica Wooff
Senior leadership team	Mr Colin Powell (Director of Education, retired 31 December 2020) Mr Marcus Cooper (Director's Assistant) Mrs Roz Cordner (Director's Assistant)
Company secretary	Mr Colin Powell
Registered office	48 Union Street London SE1 1TD
Charity registration number	313001
Company registration number	00086641

Reference and administrative information Year to 31 December 2020

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers National Westminster Bank plc
P.O. Box 3038
57 Victoria Street
London
SW1H 0HN

Solicitors Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

The Trustees (who are also the Directors of the charitable company for Companies Act purposes) have pleasure in presenting their Annual Report and the audited Financial Statements for the year ended 31 December 2020.

This report provides an opportunity for the Southwark Diocesan Board of Education (SDBE) to set out how its objectives, governance, strategy, activities and achievements all contribute to its overall mission and purpose, and the contribution the SDBE makes to the education of children and young people within the Diocese of Southwark.

The Trustees are proud of the achievements that have taken place in 2020 and would like to thank all the staff, volunteers, supporters, schools and governors who have made these possible.

The SDBE also provides information through a range of publications, briefings, the Diocesan website (www.education.southwark.anglican.org).

Vision, mission and aims

Developing Church of England education

The purpose and objects of the Southwark Diocesan Board of Education are set out in its two main constitutional documents:

- ◆ The Diocesan Board of Education Measure (1991); and
- ◆ The Memorandum and Articles of Association of the Southwark Diocesan Board of Education.

Our vision

- ◆ To enable the mission of God through the work of the Board;
- ◆ To be a high-performing Diocesan Board promoting excellence in education both locally and nationally;
- ◆ To develop and grow highly effective, inclusive Church of England schools rooted in Christian values;
- ◆ To celebrate and share the richness, quality and successes of our schools and chaplaincies; and
- ◆ To offer exemplary service to our schools and chaplaincies.

Vision, mission and aims (continued)

Developing Church of England education (continued)

Key areas

- ◆ Church School Effectiveness;
- ◆ Development of Chaplaincy in Schools, Colleges and Universities; and
- ◆ Development and growth.

Church School effectiveness

- ◆ Strong, effective, high performing schools;
- ◆ Strong effective governance;
- ◆ Excellent Christian leadership;
- ◆ Identify individual school need and support;
- ◆ High quality Religious Education and Collective Worship;
- ◆ Securing resources; and
- ◆ Living well together.

Development of chaplaincy in schools and colleges

- ◆ Structured programme of development;
- ◆ Looking for new opportunities and models;
- ◆ Links with Diocesan Clergy; and
- ◆ Clergy development.

Development and growth

- ◆ New provision and expansion;
- ◆ Embracing new systems and structures;
- ◆ Financial stability of the Board;
- ◆ Staff team development;
- ◆ Continual improvement of efficient and effective structures;
- ◆ Additional services to schools;
- ◆ Working well together; and
- ◆ Environmental stewardship.

Vision, mission and aims (continued)

Developing Church of England education (continued)

The SDBE provides support to the following:

- ◆ 92 Primary schools;
- ◆ 13 Secondary schools – including 2 all-through schools – one of which, St Andrew's Church of England School, Croydon, closed on 31 August 2020;
- ◆ 7 Higher and 5 Further Education institutions through its role in Chaplaincy.

The relationship with our beneficiaries and service users is one of partnership and collegiality. We work mainly with school leaders and governors to achieve our aims. Our main activities include:

- ◆ Delivery of a comprehensive 'Partnership Agreement' with Church of England schools in the Diocese;
- ◆ Analysis of the outcomes of school inspection (Office for Standards in Education (OFSTED) and Statutory Inspection of Anglican and Methodist Schools (SIAMS));
- ◆ Headteacher and Senior leaders meetings and conferences;
- ◆ Delivery of a comprehensive range of training programmes;
- ◆ Regular school visits;
- ◆ Meetings of the Board of Education and its Committees;
- ◆ Pastoral support for headteachers;
- ◆ Representation on Local Authority Overview and Scrutiny Committees;
- ◆ Representation on Standing Advisory Councils for Religious Education (SACRES);
- ◆ Administration of the Statutory Inspection of Anglican and Methodist Schools (SIAMS) across the Diocese;
- ◆ Meetings of Officers and Advisers to determine work patterns;
- ◆ Support for governing bodies in fulfilling their roles and responsibilities;
- ◆ Support and development of chaplaincies across schools and Higher and Further Education institutions;
- ◆ Liaising with Local Authorities and other providers; and
- ◆ Liaising with the Department for Education.

Achievements and performance for 2020

2020 was another busy and successful year for the SDBE. The highlights listed below demonstrate how the SDBE is fulfilling its aims. Key strategic areas identified for 2020 were:

- ◆ Church school effectiveness;
- ◆ Development of education chaplaincy;
- ◆ Development of the Board of Education; and
- ◆ Evaluation of opportunities for development and growth.

Growing and appointing the best leaders for our schools is key to our success and recruitment over the year, and lockdown has meant that the recruitment processes have been even more robust, often with a mix of remote tasks blended with face-to-face, final stage interviews and activities. Our schools perform well above National averages on a range of indicators. Inspection framework reviews (OFSTED and SIAMS) challenge all schools to meet new, demanding criteria which has resulted in some schools retaining, or indeed improving a grade at inspection. All judgment based inspections from OFSTED and SIAMS were suspended on 17 March 2020 and are yet to resume. Interim visits from OFSTED were introduced from 28 September 2020 and five schools were visited between March and December. Pastoral leadership has provided a much needed and valued service for our school leaders and school communities both during and in-between lockdowns. Board staff have continued to develop and produce quality advice and support materials for schools to meet the ever changing education landscape and adapted the offer to provide Zoom training and for governors and staff which has been well received.

During 2020 the following Performance Indicators were reported to the Board:

- ◆ 93% of schools graded good or better by OFSTED against a national average of 85%;
- ◆ 100% of schools graded good or better by SIAMS;
- ◆ 69% of schools graded excellent by SIAMS;
- ◆ Four inadequate schools; (*previously five*)
- ◆ Nine new headteachers and two co-headteachers took up post over 10 schools during the year;
- ◆ The number of Diocesan Foundation Governor vacancies was 15.

Key activities and outcomes for the year:

- ◆ There were 2 OFSTED inspections and one monitoring visit prior to 17 March 2020;
- ◆ There were 5 interim OFSTED visits up to 31 December 2020;
- ◆ 30% of schools are graded outstanding against a national average of 19%;

Achievements and performance for 2020 (continued)

- ◆ 100% of schools graded good or better for RE by SIAMS;
- ◆ 53% of schools graded excellent for RE by SIAMS;
- ◆ The average Progress 8 score for diocesan secondary schools was +0.28, this was up from +0.16 in 2019;
- ◆ The diocesan average of the proportion of students achieving 5 or above in English and Mathematics was 50% compared to the national average of 43% at Key Stage 4;
- ◆ The diocesan average of the proportion of students achieving 4 or above in English and Mathematics was 69% compared to the national average of 64% at Key Stage 4;
- ◆ Attainment 8 overall was significantly above the national average at 5.2 compared to the national average of 4.6 at Key Stage 4;
- ◆ The forum for outstanding schools has continued;
- ◆ Seven schools engaged in building development projects;
- ◆ Ten schools completed the Bishop's Certificate in Church School Governance;
- ◆ The Further Education framework was embedded;
- ◆ The Board's property rental portfolio was expanded to achieve improved returns; and
- ◆ Three new members of staff joined our team.

Primary End of Key Stage 2 Assessment 2020

- ◆ As a result of the Covid-19 pandemic, the Department for Education announced in March 2020 that national curriculum assessments would not take place in primary schools for the end of the academic year 2019/20. As a result, the following planned assessments between April 2020 and July 2020 were cancelled;
 - End of Key Stage 1 and Key Stage 2 assessments (*including tests and teacher assessment*);
 - Phonics screening check;
 - Year 4 multiplication tables check; and
 - Science sampling tests.
- ◆ For this reason there is no primary national or local assessment data available. There will be no updates to performance data in Analyse School Performance (ASP), the Inspection Data Summary Report (IDSR) or the public-facing DfE Compare School Performance and other published data. OFSTED will continue to use the official end of Key Stage results for 2019.

Primary End of Key Stage 2 Assessment 2020 (continued)

- ◆ Throughout the Covid-19 pandemic the Board continued to offer its full range of services to schools in line with our Partnership Agreement. A full staff complement was retained during this period.

Future plans

It should be noted that the points below are being continuously reviewed in the light of the worldwide Covid-19 pandemic, which began in early 2020 (and is still ongoing at the time of writing this report). Since then, Governments around the world have struggled to contain the virus and keep public health systems working. Lockdown of most countries' populations have ensued, leaving millions unemployed and furloughed from work. Financial help has been made available to companies and individuals in the UK by the Government and it has been possible to continue to provide the services of the Board of Education to our schools (with some limited exceptions, such as face-to-face training).

In order to continue to deliver a high quality service and to continue to achieve our aims, the following areas will be explored during 2021:

- ◆ Review the implementation of the 2019-2021 Organisation Development Plan within the context of the pandemic;
- ◆ To develop work streams built on the expertise of new team members;
- ◆ To monitor carefully the income from our property portfolio within the context of the current circumstances;
- ◆ To implement the Growth and Sustainability plan;
- ◆ To consider a further range of additional 'bought-back' / commissioned services for our schools;
- ◆ To further embed the Chaplaincy frameworks in the various institutions;
- ◆ To continue to monitor the implementation of the new SIAMS Evaluation Schedule;
- ◆ To appoint and induct the new Diocesan Director of Education due to the retirement of the previous Director; and
- ◆ To consider the implementation of the new Diocesan Measure.

Public benefit

In preparing this report the Trustees have paid due regard to the Charity Commission guidance on public benefit in deciding what activities the charity should undertake.

Public benefit (continued)

Our principal beneficiaries and service users are the Church of England schools and the students and staff of the universities and colleges located within the Diocese of Southwark. In practice, the relationship with our beneficiaries and service users is one of partnership and collegiality. While our mission is directed towards the advancement and promotion of education for thousands of children and young people in the maintained education sector throughout the Diocese of Southwark, in real terms we achieve this through support of the management, staff and governors of our schools.

The specific needs and requirements of those who benefit from our services are identified in a number of ways, including:

- ◆ Regular contact with Church School leaders and governors and in response to requests for advice and support provided through our Partnership Agreement for Church of England schools and academies;
- ◆ Analysis of the outcomes of school inspection by the Office for Standards in Education Inspection (OFSTED) and through the Statutory Inspection of Anglican and Methodist Schools (SIAMS); and
- ◆ Governor meetings, briefings and training; and
- ◆ The Southwark Diocesan Board of Education Headteacher Association.

Trustee membership

TRUSTEES:

**Bishop of the Diocese (President)
Chair (the Bishop's appointee)**

The Rt Revd Christopher Chessun
The Rt Revd Jonathan Clark

Members appointed by the Bishop

Mr Martin Brecknell
The Ven Dr Rosemarie Mallett
The Revd Canon Stephen Coulson

CROYDON EPISCOPAL AREA

Croydon Archdeaconry

Member of Diocesan Synod
Clerk in Holy Orders
Lay Member

Mr Ekundayo Olomu
Revd Susan Lynn Billin
Mrs Penny Smith-Orr

Reigate Archdeaconry

Member of Diocesan Synod
Clerk in Holy Orders
Lay Member

Dr Catharina Stibe Hickson
Revd Capt. Jeremy Garton
Mrs Virginia Eaton

KINGSTON EPISCOPAL AREA

Lambeth Archdeaconry

Member of Diocesan Synod
Clerk in Holy Orders
Lay Member

Mrs Esther Moorey
The Revd Erica Wooff
Miss Maria McBean

Wandsworth Archdeaconry

Member of Diocesan Synod
Clerk in Holy Orders
Lay Member

Mr John Dewhurst
The Revd Annie Kurk
Mrs Pam Davies

Trustee membership (continued)

WOOLWICH EPISCOPAL AREA

Lewisham & Greenwich Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

Mr Robert Love MBE

The Revd Ariadne van den Hof

Dr Nicholas Shepherd

Southwark Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

Vacancy

The Revd Dr Sharon Moughtin-Mumby

Mrs Alison Venn

Chair of the Southwark Diocesan Head Teachers Association

Ms Julia Corby

The Heads of Whiteland's College

Dr David Muir

The Revd Dr Mark Garner (resigned July 2020)

Chairs of Committees

Policy & Strategy Committee

Schools Committee

Finance & Development Committee

Further & Higher Education Committee

The Rt Revd Jonathan Clark

The Ven Dr Rosemarie Mallett

Mr Malcolm Edwards CBE

The Revd Andrew Williams

Co-opted Members

Mr Malcolm Edwards

Mrs Helen Dixon

The Revd Peter Organ

Mrs Riana Gouws

Members Elected from FE/HE Committee

The Revd Andrew Williams

The Ven. Dr Jane Steen (resigned Nov. 2020)

Members Elected from Schools Committee

Mrs Elizabeth Broad

Audit Committee appointed by the Board

Ms Sarah Ironmonger

Revd Annie Kurk

Revd Derek Holbird

Mr Eugene O'Keeffe

Members and members' interests

The members of the Board are directors under the Companies Act. Their names at the date of this report are included on page 1. No other member(s) served on the Board during the year. Attendance at Board Meetings was 67% (2019 – 63%).

The Board is a charitable company limited by guarantee and members may derive no benefit, income or capital interest in the Board's financial affairs other than reimbursement of out of pocket expenses.

Each Trustee, being a member of the Trust, has given a guarantee of £1, in accordance with the Articles of Association.

Structure, governance and management

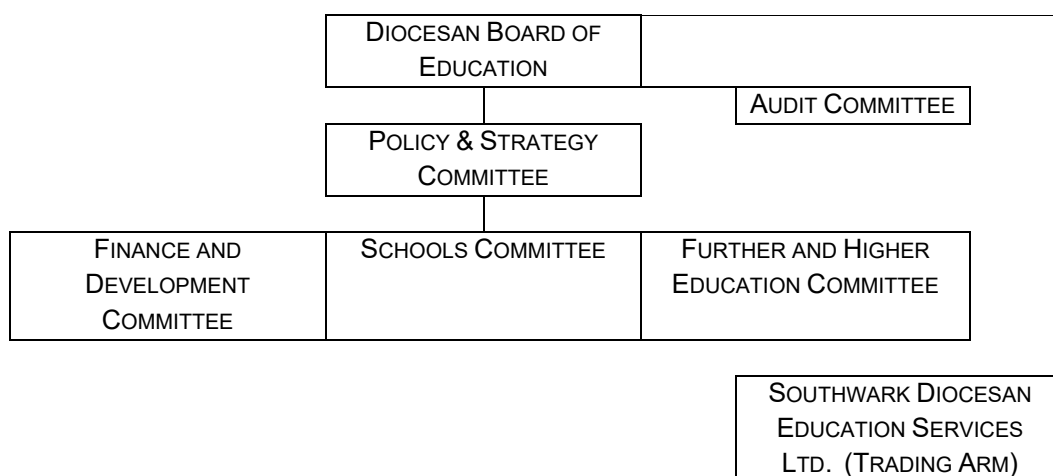
Governing document: Memorandum and Articles of Association of Southwark Diocesan Board of Education (2014).

The Board has a membership representing a wide range of experience and interest, including representatives from the Diocese of Southwark, the Southwark Diocesan Head Teachers' Association, Roehampton University and appointees from each of the Board's Committees as well as the Chairs of the Committees.

The Board's four principal Committees are: Policy and Strategy, Schools, Finance & Development and Further & Higher Education. The Schools Committee includes a significant representation of headteachers and foundation governors from Diocesan schools. The four Committees each include a designated officer of the Board. The Board also appoints an Audit Committee. Other working parties are established for specific projects.

The Board meets three times a year to monitor and review progress, consider new developments and set strategy. The Audit Committee meets up to three times each year and has a membership comprising independent members appointed by the Board. The Board and its Committees operate under specific terms of reference, which delegate certain functions of the Board to one of the four principal Committees. The minutes of all Committee meetings are considered by the full Board.

Day-to-day leadership and management of the SDBE are delegated to the Director and Assistant Directors. Strategic development and any urgent matters which cannot wait for consideration by the Board and Committees are referred to the Policy & Strategy Committee. Members of the Policy & Strategy Committee are the Chairs of the Board and Committees, the Director and the Assistant Directors. The Policy & Strategy Committee meets up to six times a year between Board meetings and supports the strategic development and work programme of the Board and its Committees.



Structure, governance and management (continued)

Deanery Synod nominations to Episcopal Area Forums require nominees to identify relevant areas of interest and experience. Generally Members of the Board have experience as trustees of other charities. An induction and an information pack is provided for all members and ongoing training and development needs are met through an annual training and development event, written briefings and presentations at Board meetings.

A total of twelve Local Authorities are located within the Diocese and the SDBE is responsible for the appointment of a local representative to the committee responsible for the oversight of education services for children and young people. In addition the SDBE seeks to establish partnerships at a local, regional and national level and is actively engaged in education programmes and initiatives as they relate to church schools and education chaplaincy.

Each school has its own governing body and has deemed charitable status. The SDBE appoints a minority of governors to each school's governing body and as such does not consider them to be related parties.

The task of supporting Christian education is an important and demanding one. Our thanks and appreciation are due to the SDBE staff team for their unstinting commitment and hard work on behalf of church schools and education chaplaincy in the Diocese of Southwark.

The staffing structure and team for the reporting year comprised:

Director	Mr Colin Powell (retired 31 December 2020)
Director's Assistant	Mr Marcus Cooper Mrs Roz Cordner
5 Educational Advisers (4.6 FTE)	Mrs Roz Cordner Mr Marcus Cooper Mr Shaun Burns Miss Fiona Foreman (0.6 FTE) Dr Rachael Norman

Structure, governance and management (continued)

Chaplaincy Development Officer	Vacancy (0.46 FTE)
Buildings and Capital Programmes Manager	Mr Paul Forrest Mrs Sally Chapman (0.6 FTE)
Human Resources Adviser	Mrs Julie Richardson (0.8 FTE)
Governance, Admissions and Development Adviser	Mr Leo Morrell
Financial Controller	Mr David Coyle
Office Manager	Mrs Sarah Bogati (maternity leave November 2020) Miss Elisabeth Sparkes (from November 2020)
2 Administrators	Miss Elisabeth Sparkes Mrs Anita Marijetic (September 2020)
Caretaker	Mr Gyorgy Szabo (0.2 FTE)

The SDBE is a statutory body and is also incorporated as a company limited by guarantee (1905) within the Diocese of Southwark. It receives an annual grant from the Diocese through the Diocesan Board of Finance to fund the work of delivering the Diocesan Measure in the Board's schools.

Key management personnel

Together with the Trustees, the Director of Education, Director's Assistants, Financial Controller, Buildings and Capital Programmes Manager and Office Manager are considered key management personnel by virtue of the fact that they are in charge of controlling, running and operating the charity on a day-to-day basis. The pay for all staff is set by the Staffing Reference Group and by the Policy and Strategy Committee.

Relationship with other charities and foundations

The SDBE has the opportunity to nominate to the following educational charitable foundations, which support the provision and promotion of educational opportunity for children and young people through grants to organisations and individuals within the area of the Diocese of Southwark:

- ◆ Greenwich Bluecoat Foundation;
- ◆ Culham St Gabriel's Trust; and
- ◆ St Mary Newington United Fund

The SDBE works closely with the Southwark Diocesan Board of Finance and the SDBE Multi-Academy Trust. Further details of the relationship with these parties are given in the notes to the accounts.

Risk and Internal Controls

The Trustees have overall responsibility for ensuring the SDBE has effective systems of control and for maintaining appropriate accounting procedures and records that comply with legislative requirements and good practice. Our systems of internal control have been developed to provide reasonable assurance against material misstatement or loss and include:

- ◆ Strategic development priorities and annual budget approved by the Trustees;
- ◆ Regular monitoring of financial performance and service delivery;
- ◆ Appropriate delegation of authority and segregation of duties;
- ◆ Identification and management of risk; and
- ◆ Adherence to Section 17 of the Charities Act 2011, and trustees' requirement to have regard to public benefit.

The major risks to which the charity is exposed, as identified by the Trustees, are regularly reviewed and systems have been established to mitigate those risks. These are included in the risk register and have been subject to further review during the year. The Trustees have also developed a Major Incident Plan.

Risk Management

Church of England Primary and Secondary Schools throughout the Diocese of Southwark are responsible for more than 37,000 children and more than 1,000 staff.

A scoring system in the Board's risk register identifies the level of risk the Trustees have identified as significant in a variety of different areas, and included in the document is a system of controls which (as far as is possible) addresses the risks therein.

The Trustees consider it is appropriate to take some calculated risks with our charity's resources to make opportunities available to the pupils and staff whom we serve. The Board will not however, take any risks relating to the protection of young people and vulnerable adults. Full vetting procedures are always followed for all staff and volunteers and disciplinary action follows when breaches occur.

The Trustees will similarly not take any risks in relation to fraud and corruption. The charity is fortunate to hold assets in the form of property and investments, which generate revenue. While some risk has to be taken to achieve good returns, it would be inappropriate to risk the capital value of the assets. Therefore the risk of loss should be balanced against the expected return.

The key risks (as identified by the scoring system in the risk register) faced by the Board are:

- ◆ Loss of key staff;
- ◆ Government changes in legislation; and
- ◆ Competition from other providers.

Risk management (continued)

Actions taken to mitigate against these key risks are addressed in the charity's risk register which is updated and reviewed by the board twice a year.

The Trustees have adopted measures to manage these (in addition to the other risks which the charity faces), and the risk register and policy are kept under regular review

Investment policy and performance

The Board of Trustees' investment powers fall under the Trustee Act 2000 and the Memorandum and Articles of Association in which paragraph 10 permits the Board of Trustees "to invest any monies possessed by the charity (or held in trust by it) in or upon such investments or securities as may from time to time be determined, but so that monies or property subject to the jurisdiction of the Charity Commissioners shall only be invested in such securities and with such sanction as may for the time being be prescribed by law.

Despite the wider market and economic turmoil, 2020 was a fantastic year in terms of portfolio performance with all three portfolios significantly outperforming benchmarks over the period (see figures below).

Low Risk Portfolio	+3.86%
Comparative benchmark	+1.37%
Low to Medium Risk Portfolio	+9.42%
Comparative benchmark	-0.16%
Medium to High Risk Portfolio	+14.65%
Comparative benchmark	+0.16%

As we look back at Q4, it is hard to exaggerate the importance of the arrival of vaccines to fight the COVID-19 pandemic. While the vaccine news pushed global equities to new record highs during the quarter, November saw a violent swing towards cyclical equities, which had been largely unloved during the pandemic. Yet the counter to any sense of unbridled enthusiasm has been the pick-up in case growth as winter takes hold in the Northern Hemisphere. Compounding this has been the emergence of a new and more transmissible variant of the COVID-19 virus, again forcing governments to take tougher action to curb the spread of infections.

While COVID-19 vaccines arrived during the quarter, markets had to wait until the last days of 2020 for a UK-EU free trade deal agreement and an additional US fiscal stimulus. While each event by itself neither makes nor breaks the broader post-pandemic recovery, each can still have a material impact on the pace of such a recovery.

Looking ahead to 2021, we expect the year to be defined as a transition from recession to recovery and improved optimism towards cyclical sectors. Cyclical companies are more sensitive to an uptick in economic growth, whereas defensive companies are more resilient across a business cycle. Over the first months of 2021 especially, this should provide further support to the cyclical rotation that we have seen develop during Q4. We have exposure to such a near-term rotation through both our domestic UK positions in absolute terms, as well as more markedly in relative terms through our high conviction overweight to Asia ex-Japan.

Investment policy and performance (continued)

In most countries and regions globally, monetary policy (such as a central bank's position on interest rates) is likely to remain highly accommodative throughout 2021. In contrast, fiscal policy (reflecting government's choices on spending and taxation) is the big question mark. If governments' spending retreats as the economic recovery takes hold and vaccines roll out, this may produce a more challenging backdrop in the second half of 2021.

As we look forward to the coming year, we see an advantage in employing a barbell approach within our asset allocation. Within an equity context, we express this as a balance between our exposures to longer-duration growth assets in technology, sustainability and healthcare and supported by our positive US outlook on the one side, against our positive Asia ex-Japan positioning and UK exposures at the cyclical end. Despite the hopes of a quicker return to more normal economic activity, longer term we continue to see an investment environment shaped by interest rates remaining low, inflation proving to be contained, and broader economic growth subdued. Across the range of asset classes more broadly, as we look forward to 2021, we maintain our relative preference for equities over bonds. Within bonds specifically, 2020 has seen our asset allocation show an increased tilt away from the comparatively lower yielding sovereign debt markets and towards the relatively more attractive returns in investment grade corporate credit. Finally, we continue to see value in holding other non-equity alternative asset classes within our asset allocation framework, such as structured notes and convertible bonds, and these remain an important building block of our centralised investment process.

Financial review

Finance and resources

The SDBE is established as a statutory body to fulfil a range of duties and responsibilities. Total income of £17,278,524 (2019 – £2,774,753) was received during the year. During 2020, income included £8,825,000 (2019 – £360,000) of donated assets and £5,919,905 (2019 - £nil) of VASCA grant funding. Excluding these amounts, operational income for the year was derived from the following sources:

- ◆ Schools (Service agreements and related income): £475,586 – 19% (2019: £463,823 – 19%)
- ◆ Maintenance scheme subscriptions: £554,470 – 22% (2019: £557,521 – 23%)
- ◆ Diocesan Grants: £333,460 – 13% (2019: £356,391 – 15%)
- ◆ Lettings and Investments: £951,637 – 37% (2019: £785,438 – 33%)
- ◆ Other income: £218,466 – 9% (2019: £251,580 – 10%)

For the discharge of its day to day outgoings (as distinct from its work connected with building works at the schools), the charity depends on the grant received from the Diocese of Southwark, which amounted to a total grant of £333,460 (2019 – £356,391) for the year, comprising £333,460 (2019 – £331,188) core grant, and £nil (2019 – £25,203) additional grant allocation.

Financial review (continued)

Finance and resources (continued)

The charity's operational activities are represented by its unrestricted general fund. The operational income of the charity exceeded its operational expenditure, resulting in a surplus of £107,488 (2019 – £131,108) before taking into account net gains on listed investments of £217,871 (2019 – net gains of £349,854) and transfers. Transfers in and out of the unrestricted general fund included a transfer in of £60,000 from the external periodic maintenance restricted fund representing the costs of administering the fund (2019 – £60,000), a transfer to the property fund representing additions to investment properties and tangible fixed assets of £28,823 (2019 – £72,386) and net other transfers out of the fund totalling £8,554 (2019 – net transfers out of the fund of £479). This gives, read together with realised and unrealised gains on the value of investments of £271,871 (2019 – gains of £349,854), a net increase in the unrestricted (operational) funds of the charity for the year of £347,982 (2019 – £469,055).

Overall, there was a net increase in total funds of £11,054,741 (2019 – net increase of £607,745), after also accounting for an increase in restricted funds of £1,941,812 (2019 – decrease of £37,270), an increase in the property fund of £8,800,379 (2019 – increase of £167,960) and a decrease of £35,432 in the value of endowment funds (2019 – increase of £8,000).

Southwark Diocesan Education Services Limited

The charity operates a wholly owned subsidiary company, Southwark Diocesan Education Services Limited. This company carries out a number of the charity's activities including the provision of services for schools in the Diocese of Southwark and the provision of administrative services for the charity. Its turnover for the year was £580,552 (2019 – £631,279) and the company made an operating profit of £nil (2019 – £nil) after making a donation of £367,953 by Gift Aid to the parent charity (2019 – £345,415) in accordance with its articles of association.

Reserves policy

The General Synod of the Church of England, at its meeting in November 1999, affirmed two principal roles for the Diocesan Boards of Education in their support of Church of England schools in their Diocese:

- ♦ to provide an advisory service to schools; and
- ♦ to maintain and improve school buildings.

The reserves policy of the Trustees has been determined in the light of these objectives. The reserves policy is monitored and reviewed annually.

Its main features are:

Finance review (continued)

- (a) To maintain a margin of working capital sufficient to enable all aspects of the charity's work to be conducted in an orderly and efficient way and additionally to deal with the management of the schools' building and maintenance programme where the timing of the cash flow from receipts and payments may require temporary bridging from internal resources of up to £500,000.
- (b) Current income and expenditure of the charity should be in balance and every effort will be made to maintain this, but a liquid reserve is necessary to provide for any unexpected but unavoidable items of expenditure which cannot be funded from current income. In this respect, it is important to realise that some of the charity's reserves are in the form of fixed assets which would take time to realise and which in any case provide income which is part of the monies used to fund the current work of the Board.
- (c) In addition to (a) and (b) above, the trustees consider it desirable that the charity retains additional liquidity (including cash and market investments) reserves to allow it to finance 'business as usual' operations for a temporary period of up to eighteen months due to an unforeseen shutdown of ordinary operations e.g. terrorist attack or health pandemic with an additional six months to take advantage of the opportunities afforded by changes in the educational system, to expand and strengthen Church of England education in the Diocese.

In accordance with Charity Commission guidance, the following are not considered as reserves for the above purposes: endowment funds; restricted funds; designated funds and income funds represented by fixed assets held for the charity's use. In order to meet the criteria in (a), (b) and (c) above, the Trustees consider that the minimum level of reserves required are equivalent to two times average annual operational expenditure, of which one year should be represented by cash held on interest bearing deposit.

The current free reserves of the charity are £3.605m (2019 – £3.257m). The charity's policy implies a minimum level of reserves of £3.2m (including £1.6m in cash) (2019 – £3.3m (including £1.7m in cash)). Cash reserves are defined as: unrestricted funds held on deposit with the Central Board of Finance, cash balances held by the Investment Managers, and operational balances in the Board's unrestricted bank accounts. The Board considers that, overall, both accounting and cash reserves are sufficient to meet operational requirements and thus the reserves policy stated above.

COVID-19 Pandemic

Shortly after the start of the pandemic, the Board's investment managers advised of a material fall in the value of the Board's market investments (c.14% on average at the beginning of the financial year). However these have since recovered their value. Dividend returns were slightly down on the previous year, but capital growth has been substantially higher than in the previous year.

Some tenants of rental properties previously informed the management that they were struggling to pay rents when due. The Board lost a small number of tenants during the year, but rents overall have remained at the previous (pre-pandemic) levels.

COVID-19 Pandemic (continued)

As a result of lockdown, with staff working from home for much of the year, substantial savings were made in the costs of running the Offices. Notwithstanding, (and given the lessons of the pandemic) the Trustees intend to set aside further funds in the coming five years with a view to increasing free cash reserves.

Statement of Trustees' responsibilities

The Trustees (who are also directors of the Southwark Diocesan Board of Education Incorporated for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the charitable group 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 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 United Kingdom and Republic of Ireland (FRS102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK 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 charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Trustees' responsibilities (continued)

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United

Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Trustees:

The Rt Revd Bishop J Clark

Mr M J Edwards

Approved by the board on: 1st July 2021

Independent auditor's report to the members of Southwark Diocesan Board of Education Incorporated

Opinion

We have audited the financial statements of Southwark Diocesan Board of Education Incorporated (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows, and the notes to the financial statements, including the principal 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 the charitable parent company's affairs as at 31 December 2020 and the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

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 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. 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 or the charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- ◆ the financial statements are not in agreement with the accounting records or returns;
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.
- ◆ the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of 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 the trustees 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 parent charitable company'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 the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the charitable parent company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011) and those that relate to data protection (General Data Protection Regulation); and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the group's and the charitable parent company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ tested authorisation controls on expenditure items, including staff expense claims, to check that all expenditure was approved in line with the group's and the parent charitable company's financial procedures;
- ◆ tested expenditure passing through the off-balance sheet conduit fund to check that it had been incurred in line with the funding agreement and had been appropriately authorised; and
- ◆ considered the controls and processes in place relating to the conduit fund, in particular those relating to the receipt and use of the new Voluntary-Aided Schools Capital Allocation funding stream.

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

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

05 August 2021

Consolidated statement of financial activities incorporating an income and expenditure account
Year to 31 December 2020

	Notes	Unrestricted funds		Restricted funds	Endowment funds	Total 2020	Total 2019
		General funds	Designated funds				
		£	£	£	£	£	£
Income and endowments from:							
Grants and donations	1	350,800	8,825,000	5,983,035	—	15,158,835	754,901
Charitable activities	2	66,181	—	554,470	—	620,651	642,746
Other trading activities	3	547,401	—	—	—	547,401	591,668
Investments	4	728,597	210,000	4,168	8,872	951,637	785,438
Total income		1,692,979	9,035,000	6,541,673	8,872	17,278,524	2,774,753
Expenditure on:							
Raising funds	5	211,867	70,943	63,130	—	345,940	192,353
Charitable activities	6	1,373,624	192,501	4,517,759	11,830	6,095,714	2,252,724
Total expenditure	7	1,585,491	263,444	4,580,889	11,830	6,441,654	2,445,077
Net income (expenditure) before investment gains		107,488	8,771,556	1,960,784	(2,958)	10,836,870	329,676
Unrealised losses on investment properties	11b	—	—	—	—	—	(71,785)
Net gains on listed investments	11a	217,871	—	—	—	217,871	349,854
Net income (expenditure) before transfers		325,359	8,771,556	1,960,784	(2,958)	11,054,741	607,745
Transfers between funds	15	22,623	28,823	(18,972)	(32,474)	—	—
Net movement in funds	8	347,982	8,800,379	1,941,812	(35,432)	11,054,741	607,745
Reconciliation of funds:							
Funds brought forward at 1 January 2020		3,257,421	14,894,563	2,042,225	268,848	20,463,057	19,855,312
Funds carried forward at 31 December 2020	15	3,605,403	23,694,942	3,984,037	233,416	31,517,798	20,463,057

All of the group's activities derived from continuing operations during the above financial years.

All recognised gains and losses for the year are included in the above statements of financial activities.

Comparative information by fund class for the year ended 31 December 2019 is given in note 21.

No summary income and expenditure account has been produced as the only difference to the statement of financial activities would be the omission of endowed income of £8,872 (2019 – £9,628); endowed expenditure of £11,830 (2019 – £nil) and transfer of £32,474 (2019 £1,628) to the restricted fund.

Balance sheets 31 December 2020

	Notes	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Fixed assets					
Tangible assets	10	1,620,885	1,619,955	1,784,563	1,783,009
Investments	11	28,709,537	28,709,538	19,455,838	19,455,839
		30,330,422	30,329,493	21,240,401	21,238,848
Current assets					
Debtors	13	194,257	143,300	115,830	59,238
Cash at bank and in hand		6,311,226	6,264,119	554,721	488,222
		6,505,483	6,407,419	670,551	547,460
Creditors: amounts falling due within one year	14	(4,358,107)	(4,270,867)	(479,895)	(367,004)
Net current assets		2,147,376	2,136,552	190,656	180,456
Debtors: amounts receivable after more than one year	13	150,000	150,000	150,000	150,000
Creditors: amounts falling due after more than one year	14	(1,110,000)	(1,110,000)	(1,118,000)	(1,118,000)
Net assets		31,517,798	31,506,045	20,463,057	20,451,304
The funds of the charity	15				
Unrestricted funds					
. General funds		3,605,403	3,593,650	3,257,421	3,245,668
. Designated funds		23,694,942	23,694,942	14,894,563	14,894,563
Restricted funds		3,984,037	3,984,037	2,042,225	2,042,225
Endowment funds		233,416	233,416	268,848	268,848
		31,517,798	31,506,045	20,463,057	20,451,304

The financial statements were approved and authorised for issue by the Trustees and were signed on their behalf by:

The Rt Revd Bishop J Clark

Mr M J Edwards

Approved by the board on: 1st July 2021

Southwark Diocesan Board of Education Incorporated
Company limited by guarantee
Registration Number: 00086641 (England and Wales)

The notes on pages 35 to 51 form part of the financial statements.

Consolidated statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	5,098,363	(709,903)
Cash flows from investing activities:			
Dividends, interest and rents from investments		951,637	785,438
Purchase of tangible fixed assets		(28,823)	(1,225)
Proceeds from the disposal of listed investments		840,022	1,162,580
Purchase of listed investments		(874,674)	(1,031,685)
Additions to investment properties		—	(71,785)
Net cash provided by investing activities		888,162	843,323
Change in cash and cash equivalents in the year		5,986,525	133,420
Cash and cash equivalents at 1 January 2020	B	2,277,508	2,144,088
Cash and cash equivalents at 31 December 2020	B	8,264,033	2,277,508

Notes to the cash flow statement for the year to 31 December 2020:

A Reconciliation of net movement in funds to net cash flows from operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	11,054,741	607,745
Adjustments for:		
Depreciation charge	192,501	193,265
Donated assets	(8,825,000)	(360,000)
Gains on listed investments	(217,871)	(349,854)
Losses on investment properties	—	71,785
Dividends, interest and rents from investments	(951,637)	(785,438)
Amortisation of lease premium	(8,000)	(8,000)
Increase (decrease) in creditors	3,932,056	(148,126)
(Increase) decrease in debtors	(78,427)	68,720
Net cash used in operating activities	5,098,363	(709,903)

B Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	554,721	5,756,505	6,311,226
Bank overdraft facility	(53,844)	53,844	—
Cash held by investment managers	1,776,631	176,176	1,952,807
	2,277,508	5,986,525	8,264,033

Principal accounting policies Year to 31 December 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

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

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- ◆ determining the basis for allocating support costs across expenditure categories;
- ◆ determining the basis of valuation for the charity's investment property portfolio;
- ◆ the estimation of future income and expenditure for the purposes of assessing going concern.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

Assessment of going concern (continued)

The Board's market investments suffered slightly reduced dividend income during the year, although not materially so. Extensive financial modelling has been carried out to cover different scenarios. In some scenarios there may still be a small number of tenants residing in Board owned investment properties, who may find themselves unable to meet rent payments when they fall due, because of the situation following the COVID-19 pandemic (with the ending of furlough payments and potential job losses). In a worst case scenario, the Board may not be in operational surplus at the end of the coming year, however the Board has significant free reserves and also has access to an overdraft facility should it be required. The Trustees are therefore of the opinion that the charity has sufficient reserves to be able to meet its liabilities as they fall due.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 December 2021, the most significant areas that will affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment and property markets (please see the investment policy and the risk management sections of the Trustees' report for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount can be measured reliably and it is probable that the income will be received. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises grants, maintenance subscriptions, rental and investment income and the income from the charity's trading subsidiary. Income from other trading activities carried out by the trading subsidiary comprises, in the main, charges made for service agreement subscriptions, educational consultancy and other services provided to schools, and conduit project management fees.

Grants and donations are included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as voluntary income where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Maintenance and service level subscriptions are recognised in the financial year to which the subscription relates and deferred if received in advance of that financial year.

Income derived from the letting of the charity's investment properties is recognised in the period to which the tenancy relates, when it is probable that the funds will be received.

Dividends are recognised when they have been earned and credited to the investment portfolio.

Income (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from educational consultancy services is accounted for on an accruals basis with the income being recognised when due contractually.

Conduit project management fees are recognised on the date of completion of the relevant project.

Other amounts derived from capital and maintenance project activities where the charity acts as an agent, administering projects funded principally by the Department for Education and Skills on behalf of the school governors are excluded from these financial statements, as they constitute conduit funds. Details of these funds are set out in note 16.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes the direct costs and support costs associated with generating rental income, together with the fees paid to investment managers in connection with the management of the charity's listed investments.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs (including governance costs).

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice. Support costs and governance costs are apportioned using percentages based on the time spent on the activities by the employees of the charity.

Principal accounting policies Year to 31 December 2020

Tangible fixed assets

The charity's policy is to capitalise asset purchases over £1,000. Depreciation is provided on tangible fixed assets so as to write down the cost over the expected useful life.

The following depreciation rates are used:

Freehold properties and property improvements	–	2% straight line
Office equipment	–	25% straight line

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

The charity does not acquire put options, derivatives or other complex financial instruments.

Investment properties are included in the financial statements at the estimated current market value of the properties based on open market value. The valuation has been determined by the Trustees after consultation with professional property advisers.

During the year St Andrews CoE school in Croydon closed. The Board is currently using the empty site to generate income to assist in an eventual reopening of the school at such a time as the local demographics allow. As a result the site has been brought into the accounts at market valuation as an investment property.

Former school sites

In the course of administering a capital scheme under the Education Acts 1944 to 1973, the charity acts as Trustee to a number of former schools, whose former property may be sold or leased as part of the implementation of the scheme. These proceeds are generally "free monies" in the hands of the charity to use under the provisions of the Education Acts 1943, subject to the restrictions applying under Section 86 of the 1944 Act and Section 2 of the 1973 Act. The Trustees do not consider that it is practicable to place a value on such assets and, accordingly, they are not included in the financial statements.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it would pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Subsidiary undertaking

The charity owns the whole of the issued share capital of Southwark Diocesan Education Services Limited. The principal activity of the subsidiary undertaking is the provision of services for schools in Southwark Diocese and administrative services for its parent undertaking. The consolidated financial statements include the financial statements of SDBE and its subsidiary Southwark Diocesan Education Services Limited. In accordance with the current SORP, a separate statement of financial activities dealing with the results of SDBE has not been presented.

Funds

The charity has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

Unrestricted funds

Unrestricted funds arise from all the accumulated surpluses and deficits in the provision of general charitable activities.

Designated funds

Designated funds are funds set aside out of general funds by the Trustees and designated for a particular purpose. The balance on the designated property fund represents the net book value of the fixed assets and the value of investment properties shown on the balance sheet at that date.

Restricted funds

These are funds subject to specific conditions imposed by the donor or by the specific terms of a trust deed or other legal measure. Income and expenditure on restricted funds is taken directly to those funds in the statement of financial activities except to the extent that income is freely available to the charity.

Endowment funds

These are funds subject to the condition that they be held as permanent capital. Unexpended income is included in the relevant funds in accordance with the terms of the trust.

Funds (continued)

Custodian trusts

Trusts, where the charity acts merely as custodian Trustee with no control over the management or use of the funds, are not included in the statement of financial activities or balance sheet.

Conduit Funds – capital projects

The charity is responsible on behalf of school governors for the financial administration of capital projects funded by the Department for Education (DFE) and Local Authorities. The statutory legal agreement between the charity, the schools and the government department gives the charity ultimate control over the application of the Voluntary Aided Schools Capital Allowance grants to specific schools, therefore these are recognised as restricted income by the charity. Details of these funds are set out in note 16.

The agreement grants no decision making authority to the charity over the schools' funds, including Devolved Formula Capital grants and governors' funds, and therefore the charity acts as administrative agent in respect of these. Accordingly these funds represent conduit funding and are therefore excluded from the charity's financial statements.

Pension contributions

Contributions are made for full-time staff to the Church of England Church Workers 'Pension Fund and to the Teachers' Pension Scheme. The pension costs charged by the schemes are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially consistent percentage of the current and future payroll. Variations from regular cost are spread over the remaining service lives of the current employees in the schemes.

Both pension schemes constitute collective employer pension schemes under section 28 of FRS 102 and are therefore accounted for as if they were defined contribution schemes. Further details are set out in note 17.

1 Grants and donations

	Unrestricted funds		Restricted funds	Endowment funds	2020
	General funds	Designated funds			
	£	£	£	£	£
Diocesan grant	333,460	—	—	—	333,460
Donated assets – Croydon St Andrews (note 11b)	—	8,825,000	—	—	8,825,000
VASCA Grants	—	—	5,919,905	—	5,919,905
Capital funds - Croydon St Andrews	—	—	63,130	—	63,130
Other grants	17,340	—	—	—	17,340
2020 Total funds	350,800	8,825,000	5,983,035	—	15,158,835

	Unrestricted funds		Restricted funds	Endowment funds	2019
	General funds	Designated funds			
	£	£	£	£	£
Diocesan grant	331,188	—	25,203	—	356,391
Donated assets (note 11b)	—	360,000	—	—	360,000
Other grants	26,010	—	12,500	—	38,510
2019 Total funds	357,198	360,000	37,703	—	754,901

The Charity assists voluntary aided schools with school building projects. It historically acted as the agent of school governors in helping to arrange funding through the DfE and Local Authorities and in paying professional fees and building costs on behalf of school governors. The VASCA (Voluntary-Aided Schools Condition Allocation) system was introduced in April 2020 and superseded the LCVAP (Locally Coordinated Voluntary-Aided Programme). The change in funding gives the charity ultimate control over the application of the VASCA grants to specific schools. Historically, the LCVAP was not reflected in the Statement of Financial Activities as the Charity had no control over the funds. The transactions were those of the schools and controlled and approved by the governors rather than the Charity, which acted as agent. Since the use of the VASCA grant funding is at the discretion of the Board it is now included in the SOFA along with the related expenditure. The unspent balance at the end of the year must be committed to projects or returned to the DfE if not committed within two years of the grant date.

2 Charitable activities

	Unrestricted funds		Restricted funds	Endowment funds	2020
	General funds	Designated funds			
	£	£	£	£	£
Maintenance subscriptions	—	—	554,470	—	554,470
Other educational income	—	—	—	—	—
. Advisory and consultancy fees	53,331	—	—	—	53,331
. Bishop's certificate in church school governance	3,840	—	—	—	3,840
. Other sundry income	9,010	—	—	—	9,010
2020 Total funds	66,181	—	554,470	—	620,651

2 Charitable activities (continued)

	Unrestricted funds		Restricted funds £	Endowment funds £	2019 £
	General funds £	Designated funds £			
Maintenance subscriptions	—	—	557,521	—	557,521
Other educational income					
. Advisory and consultancy fees	71,199	—	—	—	71,199
. Bishop's certificate in church school governance	2,960	—	—	—	2,960
. Other sundry income	11,066	—	—	—	11,066
2019 Total funds	85,225	—	557,521	—	642,746

3 Other trading activities

	Unrestricted funds		Restricted funds £	Endowment funds £	2020 £
	General funds £	Designated funds £			
Service Agreement Subscriptions	475,586	—	—	—	475,586
Management fees					
. Capital projects	—	—	—	—	—
. Maintenance projects	18,325	—	—	—	18,325
Training events	3,768	—	—	—	3,768
Additional advisor support	13,150	—	—	—	13,150
Sundry trading income	36,572	—	—	—	36,572
2020 Total funds	547,401	—	—	—	547,401

	Unrestricted funds		Restricted funds £	Endowment funds £	2019 £
	General funds £	Designated funds £			
Service Agreement Subscriptions	463,823	—	—	—	463,823
Management fees					
. Capital projects	20,213	—	—	—	20,213
. Maintenance projects	31,244	—	—	—	31,244
Training events	21,120	—	—	—	21,120
Additional advisor support	13,070	—	—	—	13,070
Sundry trading income	42,198	—	—	—	42,198
2019 Total funds	591,668	—	—	—	591,668

4 Income from investments

	Unrestricted funds		Restricted funds £	Endowment funds £	2020 £
	General funds £	Designated funds £			
Listed and unlisted investments	60,578	—	4,168	8,872	73,618
Rental and lettings income	668,019	210,000	—	—	878,019
2020 Total funds	728,597	210,000	4,168	8,872	951,637
	Unrestricted funds		Restricted funds £	Endowment funds £	2019 £
	General funds £	Designated funds £			
Listed and unlisted investments	76,880	--	32,377	9,628	118,885
Rental and lettings income	666,553	--	--	--	666,553
2019 Total funds	743,433	--	32,377	9,628	785,438

5 Expenditure on raising funds

	Unrestricted funds		Restricted funds £	Endowment funds £	2020 £
	General funds £	Designated funds £			
Lettings expenses	186,058	70,943	63,130	—	320,131
Investment management fees	22,327	—	—	—	22,327
Bank charges	3,482	—	—	—	3,482
2020 Total funds	211,867	70,943	63,130	—	345,940
	Unrestricted funds		Restricted funds £	Endowment funds £	2019 £
	General funds £	Designated funds £			
Lettings expenses	157,521	—	—	—	157,521
Investment management fees	27,167	—	—	—	27,167
Bank charges	7,665	—	—	—	7,665
2019 Total funds	192,353	—	—	—	192,353

6 Expenditure on charitable activities

	Unrestricted funds		Restricted funds £	Endowment funds £	2020 £
	General funds £	Designated funds £			
School maintenance expenditure	—	—	413,257	—	413,257
VASCA grant expenditure	—	—	4,100,409	—	4,100,409
Advice and guidance	895,314	125,471	—	—	1,020,785
Training and development	307,833	43,140	4,093	11,830	366,896
Project management	170,477	23,890	—	—	194,367
2020 Total funds	1,373,624	192,501	4,517,759	11,830	6,095,714

6 Expenditure on charitable activities (continued)

	Unrestricted funds		Restricted funds	Endowment funds	2019
	General funds	Designated funds			
	£	£	£	£	£
School maintenance expenditure	—	—	536,875	—	536,875
Advice and guidance	900,369	117,246	26,352	—	1,043,967
Training and development	327,390	42,633	5,280	—	375,303
Project management	226,304	32,762	37,513	—	296,579
2019 Total funds	1,454,063	192,641	606,020	—	2,252,724

7 Analysis of total expenditure

	Direct costs	Other directly allocated costs	Support costs	2020
	£	£	£	£
Raising funds (note 5)	345,675	265	—	345,940
Charitable activities (note 6)				
. School maintenance expenditure	413,257	—	—	413,257
. Advice and guidance	514,326	361,634	144,825	1,020,785
. Training and development	193,210	128,433	45,253	366,896
. Project management	50,006	4,169,267	75,503	4,294,776
	1,516,474	4,659,599	265,581	6,441,654

	Direct costs	Other directly allocated costs	Support costs	2019
	£	£	£	£
Raising funds (note 5)	192,026	327	—	192,353
Charitable activities (note 6)				
. School maintenance expenditure	536,875	—	—	536,875
. Advice and guidance	467,702	460,132	116,133	1,043,967
. Training and development	175,078	163,010	37,215	375,303
. Project management	36,551	133,437	126,591	296,579
	1,408,232	756,906	279,939	2,445,077

Support costs are analysed as follows:

	Expenditure on charitable activities			Total
	Advice and guidance	Training and development	Project management	2020
	£	£	£	£
Finance and HR	67,749	3,588	46,640	117,977
Administration	46,786	31,251	23,096	101,133
Governance	30,290	10,414	5,767	46,471
2020 Total funds	144,825	45,253	75,503	265,581

7 Analysis of total expenditure (continued)

	Expenditure on charitable activities			Total 2019 £
	Advice and guidance £	Training and development £	Project management £	
Finance and HR	46,992	3,958	51,459	102,409
Administration	33,910	20,447	65,287	119,644
Governance	35,231	12,810	9,845	57,886
2019 Total funds	116,133	37,215	126,591	279,939

All costs allocations are made on the basis of estimated time spent by staff.

8 Net movement in funds

Net movement in funds is stated after charging:

	2020 £	2019 £
Staff costs (note 9)	1,085,576	1,086,325
Depreciation (note 10)	192,501	193,265
Auditor's remuneration (including VAT)		
. Audit work	22,220	24,003
. Other services	3,860	12,320
. Prior year	2,760	917
Bank charges and interest on bank loans and overdrafts	3,482	7,665

9 Employee and key management personnel remuneration

(a) Staff costs

	2020 £	2019 £
Wages and salaries	739,141	715,268
Social security costs	83,783	79,454
Pension costs	192,489	161,648
	1,015,413	956,370
Ex-gratia payment	—	19,000
Consultancy costs	70,163	110,955
	1,085,576	1,086,325

(b) Staff numbers

The number of employees during the year, calculated on an average headcount basis, was 15 (2019 – 17).

(c) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2020 number	2019 number
£70,001 – £80,000	1	1
£80,001 – £90,000	2	1
£100,001 – £110,000	1	1

9 Employee and key management personnel remuneration (continued)

Higher paid staff (continued)

All of the above higher paid employees participated in the Teachers' Pension Scheme. Aggregate employer pension contributions for the above employees during the year amounted to £82,351 (2019 – £62,182). Details of the Teachers' Pension Scheme are given in note 17.

(d) Key management personnel

Key management personnel comprise the Trustees together with the Director of Education, Director's Assistants, Financial Controller, Building and Capital Programmes Manager and the Office Managers.

The aggregate remuneration and benefits received by key management personnel during the year was as follows:

	2020 £	2019 £
Remuneration, including employer's National Insurance contributions	445,497	306,401
Pension contributions	107,380	66,619
	552,877	373,020

The above figures do not include the value of staff time rechargeable to SDBE Multi-Academy Trust (note 18). None of the Trustees received any remuneration or reimbursed expenses in respect of their services during the year (2019 – none). The significant increase in 2020 reflects the increased responsibilities taken on by the Director's Assistants, as well as the increase in the rate of employer contributions to the Teachers' Pension Scheme.

10 Tangible fixed assets

	Freehold land and buildings £	Property improve- ments £	Charity total £	Group office and computer equipment £	Group total £
Cost					
At 1 January 2020	2,864,050	67,012	2,931,062	22,481	2,953,543
Additions	—	28,823	28,823	—	28,823
At 31 December 2020	2,864,050	95,835	2,959,885	22,481	2,982,366
Depreciation					
At 1 January 2020	1,145,257	2,796	1,148,053	20,927	1,168,980
Charge for the year	191,301	576	191,877	624	192,501
At 31 December 2020	1,336,558	3,372	1,339,930	21,551	1,361,481
Net book value					
At 31 December 2020	1,527,492	92,463	1,619,955	930	1,620,885
At 31 December 2019	1,718,793	64,216	1,783,009	1,554	1,784,563

11 Investments

Group and charity	2020 £	2019 £
Listed investments (a)	5,774,537	5,345,838
Investment properties (b)	22,935,000	14,110,000
	28,709,537	19,455,838

In addition to the above investments, the charity also holds a £1 investment in the called-up share capital of its wholly-owned trading subsidiary, Southwark Diocesan Education Services Limited (note 12).

(a) Listed investments

Group and charity	2020 £	2019 £
Market value at 1 January 2020	3,569,207	3,350,249
Additions	874,674	1,031,684
Disposals (proceeds: £840,022, realised gains: £17,856)	(822,166)	(1,108,670)
Unrealised gains on revaluation	200,015	295,944
Market value at 31 December 2020	3,821,730	3,569,207
Cash held by investment managers	1,952,807	1,776,631
	5,774,537	5,345,838
Cost of listed investments at 31 December 2020	4,943,505	4,711,024

All listed investments were dealt in on a recognised stock exchange and comprised UK equities and UK managed funds.

(b) Investment properties

Group and charity	Charity and Group freehold properties	
	2020 £	2019 £
Valuation at 1 January 2020	14,110,000	13,750,000
Additions	8,825,000	431,785
Revaluation in the year	—	(71,785)
Valuation at 31 December 2020	22,935,000	14,110,000
Historic cost at 31 December 2020	4,298,161	4,298,161

Additions to investment properties include £8,825,000 in relation to the donation of a former school building (St Andrew's Church of England School Croydon), which is being held to generate rental income until such a time as the school can reopen.

11 Investments (continued)

Investment properties (continued)

On the basis that the charity's investment properties have continued to generate rental yields which are materially comparable to those earned prior to the pandemic, the trustees do not consider that there has been any material impairment to the fair value of these properties since the previous valuation.

12 Investment in subsidiary undertaking

The charity owns 100% of the issued ordinary share capital of a subsidiary undertaking, Southwark Diocesan Education Services Limited (amounting to £1), which is registered in England and supplies administrative services to the charity and to Schools in the Diocese. The company began trading on 1 April 1996 and its results for the period and assets and liabilities have been consolidated into the charity's financial statements. Total income for the year was £580,552 (2019 – £631,279), gross profit was £535,701 (2019 – £574,812) and total administrative expenditure was £167,748 (2019 – £229,397). The net profit after taxation was £nil (2019 – £nil) after recognising gift aided donations payable to the parent charity under the conditions of its Memorandum and Articles of Association of £367,953 (2019 – £345,415).

13 Debtors

Amounts falling due within one year:

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Other debtors	148,068	132,947	68,064	48,256
Prepayments and accrued income	46,189	10,353	47,766	10,982
	194,257	143,300	115,830	59,238

Amounts falling due in more than one year:

	Group and Charity 2020 £	Group and Charity 2019 £
Amounts due from SDBE Multi-Academy Trust	150,000	150,000

Amounts receivable represent funds invested in the SDBE Multi-Academy Trust to fund its early development. Whilst there is an understanding between SDBE and the Trust that these funds are to be repaid, there is no obligation for this to take place within the next 12 months.

14 Creditors

Amounts falling due within one year:

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Bank overdraft	—	—	53,844	53,844
Trade creditors	2,950,619	2,934,820	48,772	32,642
Other creditors	282,783	281,252	48,893	72,049
Conduit creditor	25,000	25,000	135,000	135,000
Accruals and deferred income	1,091,705	965,287	185,386	31,227
Amounts due to group undertakings	—	56,508	—	34,242
Deferred lease premium (see below)	8,000	8,000	8,000	8,000
	4,358,107	4,270,867	479,895	367,004

Amounts falling due in more than one year:

	Group and Charity 2020 £	Group and Charity 2019 £
Amounts payable to Southwark Diocesan Board of Finance	150,000	150,000
Deferred Highshore lease premium	960,000	968,000
	1,110,000	1,118,000

Amounts payable to Southwark Diocesan Board of Finance represent the drawdown on a loan made available to SDBE to fund the early development of SDBE Multi-Academy Trust. There is no requirement for any or all of the balance to be repaid in the next 12 months and therefore the full amount has been presented as falling due in more than one year.

The deferred Highshore lease premium represents the remaining balance on a premium of £1,000,000 received by the charity during the year ended 31 December 2017 in respect of a 125 year lease of the Highshore School site to the Mayor and Burgess of the London Borough of Southwark. The premium is being released to the Statement of Financial Activities over the life of the lease. As such, £8,000 is included under accruals and deferred income falling due within one year, with the remainder falling due in more than one year.

The movements on deferred income are analysed as follows:

	2020 £	2019 £
Brought forward as at 1 January 2020	1,123,334	1,125,822
Released in the year	(155,334)	(119,822)
New deferrals in the year	119,417	117,334
Carried forward as at 31 December 2020	1,087,417	1,123,334

The deferred income balance represents:

- ◆ Service income relating to periods after 31 December 2020 of £119,417 (2019 – £117,334); and
- ◆ Deferred lease premium income relating to the Highshore lease, split between £8,000 included in creditors falling due within less than one year (2019 – £8,000) and £960,000 included in creditors falling due in more than one year (2019 – £968,000).

14 Creditors (continued)

At the previous year end, the remaining £30,000 of deferred income related to a receipt from the London Borough of Lewisham to assist the development of a new free school. This amount has been transferred to creditors during 2020 as the project did not go ahead.

15 Analysis of group funds

Analysis of group net assets between funds

	General funds £	Designated property fund £	Restricted funds £	Endowment funds £	2020 Total funds £
Tangible fixed assets	—	1,620,885	—	—	1,620,885
Listed investments	4,531,344	—	1,041,777	201,416	5,774,537
Investment properties	—	21,935,000	—	1,000,000	22,935,000
Net current (liabilities) assets	(925,941)	139,057	2,942,260	(8,000)	2,147,376
Non-current assets	—	—	150,000	—	150,000
Non-current liabilities	—	—	(150,000)	(960,000)	(1,110,000)
	3,605,403	23,694,942	3,984,037	233,416	31,517,798

	General funds £	Designated property fund £	Restricted funds £	Endowment funds £	2019 Total funds £
Tangible fixed assets	—	1,784,563	—	—	1,784,563
Listed investments	4,039,386	—	1,061,604	244,848	5,345,838
Investment properties	—	13,110,000	—	1,000,000	14,110,000
Net current assets (liabilities)	(781,965)	—	980,621	(8,000)	190,656
Non-current assets	—	—	150,000	—	150,000
Non-current liabilities	—	—	(150,000)	(968,000)	(1,118,000)
	3,257,421	14,894,563	2,042,225	268,848	20,463,057

15 Analysis of group funds (continued)

Reconciliation of funds

	Balance at 1 January 2020 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31 December 2020 £
Endowment funds	268,848	8,872	(11,830)	—	(32,474)	233,416
Restricted funds						
External maintenance scheme	96,606	554,470	(413,257)	—	(60,000)	177,819
Diocesan grants	10,000	—	—	—	(10,000)	—
Croydon St Andrews Capital Funds	—	63,130	(63,130)	—	—	—
VASCA capital funds	—	5,919,905	(4,100,409)	—	—	1,819,496
Other restricted funds	1,935,619	4,168	(4,093)	—	51,028	1,986,722
	2,042,225	6,541,673	(4,580,889)	—	(18,972)	3,984,037
Designated funds						
Property fund	14,894,563	8,825,000	(192,501)	—	28,823	23,555,885
Croydon St Andrews Fund	—	210,000	(70,943)	—	—	139,057
	14,894,563	9,035,000	(263,444)	—	28,823	23,694,942
General funds (including trading funds of £11,755)	3,257,421	1,692,979	(1,585,491)	217,871	22,623	3,605,403
Total unrestricted funds	18,151,984	10,727,979	(1,848,935)	217,871	51,446	27,300,345
	20,463,057	17,278,524	(6,441,654)	217,871	—	31,517,798

	Balance at 1 January 2019 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31 December 2019 £
Endowment funds	260,848	9,628	—	—	(1,628)	268,848
Restricted funds						
External maintenance scheme	135,960	557,521	(536,875)	—	(60,000)	96,606
Diocesan grants	10,000	25,203	(26,352)	—	1,149	10,000
Other restricted funds	1,933,535	44,877	(42,793)	—	—	1,935,619
	2,079,495	627,601	(606,020)	—	(58,851)	2,042,225
Designated property fund	14,726,603	360,000	(192,641)	(71,785)	72,386	14,894,563
General funds (including trading funds of £11,755)	2,788,366	1,777,524	(1,646,416)	349,854	(11,907)	3,257,421
	17,514,969	2,137,524	(1,839,057)	278,069	60,479	18,151,984
	19,855,312	2,774,753	(2,445,077)	278,069	—	20,463,057

Endowment funds represent a fund held under a Section 86 order and a fund set aside under a charity order to develop Church of England education.

The **External Maintenance Scheme** is a scheme developed by the charity on a voluntary subscription basis to ensure that all the schools in the Diocese can maintain the external fabric and structural elements of their buildings. The fund balance carried forward represents the accumulation of income over expenditure which is available to meet the Governors' 10% liability for ongoing schemes of maintenance works.

15 Analysis of group funds (continued)

The **Diocesan grant restricted fund** relates to funding provided by the Diocese of Southwark to fund a specific post and chaplaincy support.

The **Croydon St Andrew's capital funds** represent receipts of capital funding from a closed school, which have been applied to improvement works at that school to make the property fit for rental until such a time as the school can be reopened.

Other restricted funds represent assets arising from the disposal of redundant school buildings to be deployed by the Southwark Diocesan Board of Education under Section 554 of the Education Act 1996. Such funds can be deployed (directly and indirectly) for the development of existing schools or the provision of new schools within the Diocese of Southwark. Such Schools are to follow the tenets of the Church of England.

The **designated property fund** represents the net book value of the fixed assets and investment properties at the balance sheet date.

The **designated Croydon St Andrew's fund** represents income received from the rental of the St Andrew's school building which the charity intends to apply towards further refurbishment work at the school.

VASCA fund The school building projects fund represents the income received from the VASCA grant from the Department for Education and the associated expenditure. The funds are restricted to capital and maintenance projects at the schools. The unspent balance at the end of the year must be committed to projects or returned to the DfE if not committed within two years of the grant date.

16 Conduit funds – capital projects

	2020 £	2019 £
Income	132,355	7,073,271
Expenditure	(132,355)	(7,073,271)
	—	—

The income figure represents funds drawn down from the Education and Skills Funding Agency, Devolved Formula Capital from schools and Governor Contributions to building projects, while the expenditure figure represents supplier and contractor costs incurred and committed during the year. Committed costs will be realised in the forthcoming financial year and represent timing differences in acquiring the funds with their related expenditure. The reason for the reduction in 2020 is the introduction of the Voluntary Aided Schools Condition Allocation (VASCA) which commenced in September 2020 and is recognised as income and expenditure as discussed in note 1 and the accounting policies. The conduit fund exists to channel funds sourced from government into capital and maintenance projects in schools; it posts no profit and all its funds are committed. As at 31 December 2020 the charity owed £25,000 to the conduit fund (2019 – £135,000). On a separate note, amounts held on behalf of schools as part of the Devolved Formula Capital Scheme (which are largely destined for the conduit fund) were £2.83m at 31 December 2020 (2019 – £2.87m). These funds represent agency cash balances in the charity, and are not included in the charity's fund balances.

17 Pension and similar obligations

The Group's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Church of England Church Workers Pension Fund (CWPF), which are of the defined benefit type, the assets of the schemes being held in separate Trustee administered funds. Both the TPS and CWPF fund assets are not apportioned to individual employing bodies in the fund and therefore both constitute collective defined benefit pension schemes under Financial Reporting Standard 102: Section 28 – Employee Benefits. The total pension cost was £192,489 (2019 – £161,648). There were no creditors falling due within one year at either 31 December 2020 or 31 December 2019.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers and lecturers who are or have previously been employed at eligible institutions. Teachers and lecturers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out the information available on the scheme below.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and

17 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.
- ◆ The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £103,971 (2019 – £73,930).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Church of England Church Workers Pension Fund

Southwark Diocesan Board of Education (SDBE) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

Defined Benefits Scheme

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

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

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

17 Pension and similar obligations (continued)

Church of England Church Workers Pension Fund (continued)

Defined Benefits Scheme (continued)

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to expenditure during the year are contributions payable towards benefits and expenses accrued in that year (2020 – £88,518; 2019 – £87,718).

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

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

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

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 43.2% of pensionable salary and expenses of £4,900 per year.

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

18 Related party transactions

The Southwark Diocesan Board of Education is a company limited by guarantee. The results and balance sheet of Southwark Diocesan Education Services Limited (SDES) are consolidated into these financial statements. The Southwark Diocesan Board of Education has taken advantage of the exemptions in FRS 102 and has not reported transactions between it and SDES.

During the year ended 31 December 2020, the group received grant funding amounting to £333,460 (2019 – £356,391) in respect of the Diocesan Measure and lettings income of £12,375 (2019 – £nil) from the Southwark Diocesan Board of Finance and South London Church Fund, which is a related party as a result of sharing a number of Trustees with the charity. At the year end, the charity

18 Related party transactions (continued)

owed £150,000 (2019 – £150,000) to the Diocesan Board of Finance in respect of a loan used partly to fund the early development of SDBE Multi-Academy Trust (note 14).

During the year ended 31 December 2020, the group received income of £10,980 (2018 – £10,356), including VAT, from Bacons College in respect of the provision of a service level agreement. £150 was owing at 31 December 2020 (2019 – £nil). Bacon's College is a related party as a result of sharing a number of Trustees with the charity.

During the year ended 31 December 2020, the group received income of £140,237 (2019 – £142,883) including VAT from the SDBE Multi-Academy Trust in respect of the provision of a service level agreement and additional advisory and consultancy work. As at 31 December 2020, £25,283 remained to be received (2019 – £13,180). SDBE Multi-Academy Trust is a related party by virtue of the fact that it shares a number of trustees with the charity.

In 2017 the charity advanced £150,000 to the SDBE Multi-Academy Trust in order to fund its early development. At the year end, £150,000 (2019 – £150,000) was receivable in respect of this balance. Whilst there is an understanding between SDBE and the Multi-Academy Trust that these funds are to be repaid, there is no obligation for this to take place within the next 12 months, therefore this amount is presented as a debtor falling due in more than one year (note 13).

19 Funds held as agent

During the year, the charity acted as an agent, with interest receivable £668 (2019 – £1,082) being paid into accounts held on behalf of various Schools under the aegis of the Diocese of Southwark. No amounts were paid over to these schools in either year. At the year end, balances of £158,080 were held in designated bank accounts separate from the charity and trading subsidiary's designated bank accounts (2019 – £157,412). As the Trustees have no responsibility for the application of these funds, the income and bank balances have been excluded from the financial statements.

20 Members

The company is limited by guarantee and the liability of the members is limited to an amount not exceeding £1.

21 Consolidated statement of financial activities – Year to 31 December 2019

	Notes	Unrestricted funds		Restricted funds	Endowment funds	Total 2019	Total 2018
		General funds	Property fund				
		£	£	£	£	£	£
Income and endowments from:							
Grants and donations	1	357,198	360,000	37,703	—	754,901	752,415
Charitable activities	2	85,225	—	557,521	—	642,746	630,210
Other trading activities	3	591,668	—	—	—	591,668	592,549
Investments	4	743,433	—	32,377	9,628	785,438	644,139
Total income		<u>1,777,524</u>	<u>360,000</u>	<u>627,601</u>	<u>9,628</u>	<u>2,774,753</u>	<u>2,619,313</u>
Expenditure on:							
Raising funds	5	192,353	—	—	—	192,353	119,370
Charitable activities	6	1,454,063	192,641	606,020	—	2,252,724	2,156,133
Total expenditure		<u>1,646,416</u>	<u>192,641</u>	<u>606,020</u>	<u>—</u>	<u>2,445,077</u>	<u>2,275,503</u>
Net income before investment gains							
		131,108	167,359	21,581	9,628	329,676	343,810
Unrealised (losses) gains on investment properties	11b	—	(71,785)	—	—	(71,785)	2,055,042
Net gains (losses) on listed investments	11a	<u>349,854</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>349,854</u>	<u>(137,795)</u>
Net income before transfers							
		480,962	95,574	21,581	9,628	607,745	2,261,057
Transfers between funds	15	<u>(11,907)</u>	<u>72,386</u>	<u>(58,851)</u>	<u>(1,628)</u>	<u>—</u>	<u>—</u>
Net movement in funds	8	469,055	167,960	(37,270)	8,000	607,745	2,261,057
Reconciliation of funds:							
Funds brought forward at 1 January 2019		<u>2,788,366</u>	<u>14,726,603</u>	<u>2,079,495</u>	<u>260,848</u>	<u>19,855,312</u>	<u>17,594,255</u>
Funds carried forward at 31 December 2019	15	<u>3,257,421</u>	<u>14,894,563</u>	<u>2,042,225</u>	<u>268,848</u>	<u>20,463,057</u>	<u>19,855,312</u>