



SOUTHWARK DIOCESAN BOARD OF EDUCATION
Developing Church of England Education

Companies House

Southwark Diocesan Board of Education Incorporated

Directors' Annual Report and Financial Statements

For the year ended 31 December 2022

Company limited by guarantee (00086641 England and Wales)

Registered charity (No. 313001)

Registered & Principal Office:
48 Union Street
London SE1 1TD

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Southwark Diocesan Board of Education Incorporated

Director's Report and Financial Statements

For the Year Ended 31 December 2022

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Southwark Diocesan Board of Education Incorporated

Director's Report and Financial Statements

For the Year Ended 31 December 2022

Trustees	The Rt Revd Christopher Chessun (President) The Rt Revd Jonathan Clark – resigned April 2022 The Rt Revd Dr Rosemarie Mallett Martin Brecknell Elizabeth Broad Julia Corby The Revd Canon Stephen Coulson – resigned July 2022 Helen Dixon Malcolm Edwards CBE Ven Simon Gates – appointed Dec 2022 The Revd Annie Kurk Maria McBean Dr David Muir – resigned Dec 2022 Ekundayo Olomu Eileen Perryer – appointed May 2022 , resigned Jan 2023 Revd Tomos Reed – appointed Jan 2022 Alberta Rosenior – appointed Jan 2022 Dr Catharina Stibe Hickson The Revd Ariadne van den Hof The Revd Andrew Williams Miles Winter – appointed Jan 2022 The Revd Erica Wooff Irene Wolstenholme – appointed Jan 2022
Senior leadership team	Rosalind Cordner (Director of Education) Marcus Cooper (Assistant Director) – resigned Oct 2022
Company secretary	Rosalind Cordner
Registered office	48 Union Street London SE1 1TD
Charity registration	313001
Company registration	00086641

Southwark Diocesan Board of Education Incorporated

Director's Report and Financial Statements

For the Year Ended 31 December 2022

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

Acronyms used throughout

CofE	Church of England
CEFEL	Church of England Foundation for Educational Leadership
CCLA	Central Board of Finance of the Church of England
CPD	Continuing Professional Development
DfE	Department for Education
DFC	Devolved Formula Capital
EDI	Equality, Diversity and Inclusion
FE	Further Education
FTE	Full time equivalent
HE	Higher Education
F/HE	Further & Higher Education
LA	Local Authority
MAT	Multi-Academy Trust
MOU	Memorandum of Understanding
PA	Partnership Agreement
RI	Requires Improvement
SDBE	Southwark Diocesan Board of Education
SDBE MAT	Southwark Diocesan Board of Education Multi-Academy Trust
SDES	Southwark Diocesan Education Services
OFSTED	Office for Standards in Education
SACRE	Standing Advisory Council on Education
SIAMS	Statutory Inspection of Anglican and Methodist Schools
SLA	Service Level Agreement
SLT	Senior Leadership Team
SOFA	Statement of Financial Activities
SAT	Stand Alone Academy Trust
VASCA	Voluntary Aided Schools Condition Allocation

Directors' Annual Report

The Board members, who are also Trustees and Directors for the purposes of charity law, have pleasure in presenting their annual report, together with the audited financial statements, for the year ended 31 December 2022.

OBJECTIVES AND ACTIVITIES

Background

The SDBE Charity exists to fulfil the statutory duties of the Diocese of Southwark for the education of the 36,000 children and young people attending its 104 schools. Within the diocesan family of schools, the SDBE provides advice, support and offers development of the distinctively Christian ethos in schools which remain inclusive and are here to serve their local communities. In addition, the SDBE provides support to chaplaincy in the HE/FE colleges and universities across the diocese.

Objectives

The purpose and objects of the Charity are set out in its two main constitutional documents:

- i) The Diocesan Board's Education Measure (2021); and
- ii) The Memorandum and Articles of Association of the Southwark Diocesan Board of Education.

Shaped by these, the Charity's vision is expressed below:

- ◆ To enable the mission of God through the work of the Board;
- ◆ To be a high-performing Diocesan Board of Education, 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 success of our schools and chaplaincies; and
- ◆ To offer exemplary service to our schools and chaplaincies.

Activities

The work of the SDBE runs within three key areas; Church School Effectiveness, Development of Chaplaincy in schools, colleges and universities, and development and growth. As such the charity advises governors of all its schools (VA, Foundation, MAT and STAT) on any matter affecting church schools in the diocese, including, but not limited to development in the following areas:

OBJECTIVES AND ACTIVITIES (continued)

Activities (continued)

- ◆ Supporting school improvement through professional development of teachers and school leaders, CPD for staff and governors, professional advice and pastoral care;
- ◆ Provides advice on any proposed changes to the status, viability and future of all schools (including significant changes);
- ◆ Approves all new building, alterations and refurbishments to Church School buildings;
- ◆ Appoints and supports Foundation governors for all church schools;
- ◆ Advises and supports governing bodies on the appointment of headteachers and senior staff;
- ◆ Receives and considers the reports of all formal inspections (SIAMS and Ofsted) at all church schools, which are required to be carried out under the education act 2005; analysis of outcomes and further development of support shapes the ongoing CPD and briefings to schools. Key headlines are shared with the Board and its committees;
- ◆ Across the seven HE and five FE institutions Chaplaincy Development support is provided; this is in addition to the chaplaincy development and support that is given to our schools.
- ◆ Part of the function of the Charity is to ensure CofE representation at the 11 SACREs across the diocese; representation on LA Committees for Overview and Scrutiny (or equivalent democratic services meeting).
- ◆ The Partnership Agreement provides a comprehensive professional offer to all 104 schools including headteacher and senior leader meetings and the annual conference; and
- ◆ The structure of the advisory team enables flexibility in offering additional support, training and development from year to year to meet any immediate needs in addition to the core offer, for example Mental Health First Aid and development of an EDI working party.

OBJECTIVES AND ACTIVITIES (continued)**Public benefit**

In preparing this Annual Report, the Trustees have paid due regard to the Charity Commission guidance on public benefit in deciding what activities the Charity should undertake. Our principal beneficiaries and service users at 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 thirty-four thousand children and young people in the maintained education sector throughout the Diocese of Southwark, is achieved in real terms through the regular contact with school leaders and governors and in response to requests for advice and support via our Partnership Agreement for Church of England schools and academies and our relationship with the Southwark Diocesan Board of Education Headteacher Association.

ACHIEVEMENTS AND PERFORMANCE**Governance**

Preparatory work was undertaken for a successful adoption of the New Diocesan Measure and revised articles of association at Diocesan Synod on Wednesday 13 July 2022 which paved the way for a smaller, more efficient Board of Education. Key benefits include a review of the terms of appointment and a commitment to a deliberate focus on future recruitment to reference EDI with a view to having a Board that reflects the diverse community it serves. The reduced Board size eliminates historic long standing vacancies, which in turn supports an efficient governance structure.

Working with our SDBE MAT ('The Trust')

As the SDBE MAT prepares to on-board its eleventh school, in eight years, Members reviewed the governance arrangements and embedded a new memorandum of understanding with the Trust to secure the foundation of the Trust for the long term; given the focus on Trust growth following the White Paper and subsequent Schools Bill, a working party between the Board and the Trust was set up; the SDBE have commissioned a review of national academy models as part of its work towards developing the MAT strategy for the future.

Approval by the Board was granted to two schools to join the Trust – The Minster Junior School and the Minister Infants School in Croydon joined in September 2022.

ACHIEVEMENTS AND PERFORMANCE (continued)**Working with the Diocese – Racial Justice, Climate Justice, Growing Faith**

The SDBE benefits hugely from the support it receives from the Diocese of Southwark. It enjoys close relationships with the clergy and in particular the Children and Young People Team, The Cathedral and its Learning Centre and increasingly more cross over opportunities have been developed between the Justice Peace Integrity & Creation Officer and Environmental Working Party. Following the launch of the diocesan Anti Racist Charter in schools in November 2021, much of 2022 was focused on expanding the curriculum to reflect the EDI agenda. There has been a lot of work done to ensure that anti-racism is a leading strand in addressing inequality throughout the work of the Board, with new CPD units developed and delivered within the core training offer. The work has also begun to expand the EDI offer to ensure that all elements of inequality are addressed. A working party has been established to ensure that this crucial piece of work remains a key focus for the staff team to develop. Work has begun on developing a baseline record to create a statistical database to track progress towards understanding the current make up of those employed at the Board, in schools, across the governing bodies and committees where SDBE is represented. This will become a regular event so that trends and progress can be tracked and action taken to address gaps/barriers and blockers to change. The CPD offer has been reviewed and refreshed, and we offer EDI, Climate Justice, School sustainability workshops.

Climate Justice CARBON NET ZERO

As part of our work to meet General Synod's Net Zero Carbon Route Map to decarbonise the CofE estate by 2030, work on a pilot programme of heat decarbonisation plans for 13 schools, mainly funded by an award from the Salix Finance Company of £7,212,233 during the year with an additional £12,000 VASCA top up began this year. This will include a strategic plan for all VA schools, which will give the buildings team an estate-wide picture of energy use that will allow us to better target grants to schools with the biggest heat loss issues.

ACHIEVEMENTS AND PERFORMANCE (continued)

Climate Justice CARBON NET ZERO (continued)

Work around the Public Sector Decarbonisation Scheme Round 1 to install air source heat pumps to 58 schools and our offices at Union Street was delayed due to the collapse of the installation subcontractor. Snagging is now forecast to finish in the spring of 2023.

The SDBE continues its work to develop and update the curriculum content in all subject areas to ensure that climate justice is included from RE lessons through to PE lessons. Work continues around Eco Charter, Eco Diocese, Global Neighbours to ensure teachers, leaders and governors are aware of the CPD and resources available to support schools in delivering key messages around the changing climate.

New schools

We were pleased to learn at the end of the autumn term, that applications in support of the rebuilding of All Saints' Croydon; The Minster Infant School and The Minster Junior School, also in Croydon, were successful. Whilst our fourth nominee, Archbishop Tenison's, Croydon received a letter confirming they had not been successful, the school has been included in a DfE 'net zero' pilot project. Substantial roofing, insulation and heating system improvements have been indicated as being within scope for grant funding.

Planning for new Kingston school

A new six-form entry 11-16 VA CofE Secondary school in Kingston is due to open in September 2025. It will include a 20-place specialist autism resource base. Design planning resumed at the end December 2022.

St Peter and St Paul's expansion from infant to primary school

The school expansion from a one form entry infant school to one form entry primary school for pupils aged 4-11 came into effect in September 2022. We are grateful to Surrey County Council for their continued support during the delayed process to ensure the plans were fulfilled.

ACHIEVEMENTS AND PERFORMANCE (continued)

School effectiveness

New SIAMS national framework

After a long gap between the suspension of SIAMS in March 2020 and the end of the academic year 2022, we were delighted that our first inspection under the new framework, at the end of the summer was excellent. A second school was inspected in the autumn term and was also graded excellent. Outcomes at the end of December: 100% of schools remain good or better with 75% judged as excellent.

There were a total of 27 Ofsted inspections over the year. Two schools that were previously inadequate were judged as good and one RI school was also judged as good. Of the 104 schools, 102 are good or better (98%). 22 schools are graded outstanding (21%). There are 2 schools awaiting inspection that are graded as inadequate (2%).

It is expected that overall outstanding/excellent outcomes will drop as the respective new frameworks for both SIAMS and Ofsted are embedded. Nonetheless, the achievement of schools who have maintained or achieved at the highest level must be congratulated.

FUTURE PLANS

Development of the Board – under the new Diocesan Measure, from 1 January 2023 the structure of Board was reviewed. The size of the Board was reduced to bring it line with the other Diocesan Departmental Boards. The Board has reduced in size from a possible membership of 32 to a maximum of 19. This has eliminated longstanding vacancies and the inefficiencies this created. There is also an ongoing commitment to recruit Board members so that the make up of the Board reflects the diverse community we serve. Our governance structure is subject to the same baseline assessments for EDI that we are conducting with our schools and HE/FE colleges.

The hope is the next triennium will see a change in the membership of the Board that reflects our school and college make up.

The revised articles of association sharpen the focus on roles and responsibilities for Board members, particularly around attendance; this will ensure committees can function well, knowing that Members are able to commit to engage as required, with any non attendance managed efficiently.

FUTURE PLANS (continued)

We will complete the review of the Terms of reference for each Board Committee so that they align with the new articles of association and secure strong structures for each committee.

Following the shared diocesan/Board recruitment drive to attract more UKME and EDI applications and appointments, recruitment panel structures have also been reviewed with a commitment to ensure that representation of the panel reflects the diversity we wish to see across the organisation.

Given the dramatic fall in the number of pupils attending school across Lambeth and Southwark in particular, our strategy to respond to surplus pupil places will be developed during the spring. We have secured a secondment to increase our team capacity to conduct some focused 1:1 work with schools to expand our central knowledge base. We will routinely collect information around pupil numbers, school finances, the quality of the school estate, staff structures and local context as well as the links with the local church. This will create an enhance schools risk register that will provide us with a RAG rating system to shape how we utilise our resources most effectively.

Work has begun, with school surveys, on responding to the White Paper and Schools Bill. Given the context we are in with successful schools and a mix of VA and academies, the offer we currently have provides the space for any school wishing to become an academy – the SDBE MAT. However, it does not, as it stands, offer all of the answers around the place for SATS or schools with a different foundation. The SDBE has commissioned an initial review to provide oversight of the range and offer of MATS across the country. This will be completed in the spring term and reviewed in the summer by the joint Board/Trust strategy group and work with schools over the summer term will complete the process so that the growth strategy begins in the autumn term.

Following the changes in curriculum development and delivery that were accelerated during Covid, we recognise the need to review the RE syllabus for primary schools. This will be a key piece of work for the advisory team over the year ahead and will include a focus on assessment in RE for primary schools.

We are actively working on a full estate management plan to include all investment properties as well as our offices at 48 Union Street.

FUTURE PLANS (continued)

Investment in Exton Street – having commissioned a condition survey for this property, a proposal to start the process of retrofitting this four storey office building, which brings the greatest income across all properties, will be taken to the Board in the spring. This proposal will be a 3 year improvement plan including a new roof and new windows and ensuring that the building meets the green energy requirements of we have as landlords.

The implication of falling rolls leads to specific plan to develop a vacant/vulnerable schools building strategy that will ensure we benefit from the lessons learned from the closure of St Andrew's, Croydon and St John's Walworth.

VASCA – we will review the committee structure and revise the terms of reference to expand membership of the committee; the process for managing annual bids is also due for review having run for 3 years there are some specific themes to be addressed, particularly around consistency of bids and fragmented central records on the state of some school estate.

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.

Portfolio Performance (01/01/22 to 31/12/22)

Low Risk Portfolio	-9.46% (2021: +5.94%)
Comparative benchmark	-4.79% (2021: +4.06%)
Low to Medium Risk Portfolio	-12.21% (2021: +7.89%)
Comparative benchmark	-10.62% (2021: +8.08%)
Medium to High-Risk Portfolio	-16.50% (2021: +15.59%)
Comparative benchmark	-8.18% (2021: +13.62%)

INVESTMENT POLICY AND PERFORMANCE (continued)

Negative market sentiment and high levels of volatility have continued as we entered the second half of the year, with equity markets around the world beginning to price in the possibility of a recession in the short term. Economies continued to battle against conflict, the energy crisis, China's zero Covid policy and supply chain disruption following the pandemic. More recently, we have seen the highest annual inflationary pressures in a generation, providing an additional challenge to markets. In response, central banks have tightened their monetary policy, with aggressive interest rate increases. In recent weeks, the Federal Reserve announced a hike of 0.75%, the largest increase since the 1990s. The Bank of England voted on a smaller 25bp raise, raising rates to 1.25%, the highest since January 2009. Growth assets have struggled in this rising yield environment, and whilst there may still be some pockets of overvalued speculative assets, growth as a style still contains many high quality, cash generative companies with strong balance sheets, which look attractively priced after recent volatility. Whilst equity prices have fallen globally, the recent round of quarterly corporate results demonstrated that earnings expectations have proved relatively robust, with consumers still spending and profit margins holding up.

Low-Risk Portfolio

The top contributor to performance over the last 12 months, was Guinness Global Equity Income fund, which as historically proved to be a more defensive asset throughout periods of market stress. The fund is able to withstand macro-economic factors due to the economic strength of its underlying business models and their ability to act as price makers in the marketplace. LXI REIT has also proved resilient in the portfolio, as it offers inflation-protected income and capital growth underpinned by a secure portfolio of very long-let and index-linked UK property assets (average lease length of 22 years, 95% of rental income subject to RPI/CPI or fixed uplifts). In equities, the main detractor from performance was Fundsmith with its exposure to longer-duration growth assets suffering in this period of rising interest rates, as valuations compress despite fundamentals remaining good. The portfolio's fixed income exposure has also detracted from performance given the substantial rise in government bond yields, but our positioning at the shorter end of the yield curve has helped on a relative basis.

INVESTMENT POLICY AND PERFORMANCE (continued)**Medium and High-Risk Portfolios**

In this higher risk mandate, the non-equity constituents have proved to be useful diversifiers and have held up relatively well over the last 12 months. The main detractors have come from our overseas funds with high exposure to growth sectors such as technology, as well as our exposure to mid and small cap funds. The former group of companies have suffered as valuations have fallen despite fundamentals remaining good and the latter is pricing in a very negative economic outlook with numerous companies already pricing in a recession.

Looking forward, markets are likely to continue to be volatile in the short term with uncertainty surrounding the future path of interest rates given that inflation remains elevated. However, over the past month or so we have seen signs that inflation is starting to peak which has enabled government bond yields to fall as central banks would be unlikely to implement more interest rate hikes than the market is currently pricing in. We also believe central banks will struggle to implement more interest rate hikes than already priced in given we are seeing leading economic indicators start to slow and the chances of a recession are increasing. Any pause or less hawkish rhetoric from central banks is likely to help risk assets, which are trading at attractive valuations, start to rebound.

FINANCIAL REVIEW

The SDBE is established as a statutory body to fulfil a range of duties and responsibilities. Total income of £9,233,771 (2021: £17,278,524) was received during the year. During 2021, income included £1,600,000 (2021: £8,825,000) of donated assets and £5,304,622 (2021: £5,919,905) of Voluntary-Aided School Condition Allocation (VASCA) grant funding. Excluding these amounts, operational income for the year was derived from the following sources:

- ◆ Schools (Service agreements and related income): £482,206 – 21% (2021: £475,586 – 19%)
- ◆ Maintenance scheme subscriptions: £534,076 – 23% (2021: £554,470 – 22%)
- ◆ Diocesan Grants: £348,312 – 14% (2021: £333,460 – 13%)
- ◆ Lettings and Investments: £817,092 – 35% (2021: £951,637 – 37%)
- ◆ Other income: £162,315 – 7% (2021: £218,466 – 9%)

FINANCIAL REVIEW (continued)

To fund the discharge of its day-to-day outgoings in the delivery of The Diocesan Measure (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 £348,312 (2021: £333,460) for the year, comprising £336,795 (2021: £333,460) core grant and £11,517 (2021: £nil) of other grants.

The charity's operational activities are represented by its unrestricted general fund. The operational expenditure of the charity exceeded its operational income, resulting in a deficit of £60,477 (2021: deficit of £231,601) before taking into account net gains on listed investments of £530,804 (2021: net gains of £278,434) 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 (2021: £60,000), and net other transfers out of the fund totalling £nil (2021: net transfers out of the fund of £299,593). This gives, read together with realised and unrealised losses on the value of investments of £530,804 (2021: gains of £278,434), a net decrease in the unrestricted (operational) funds of the charity for the year of £531,281 (2021: net decrease of £192,660).

Overall, there was a net increase in total funds of £3,280,530 (2021: net decrease of £9,712,134), after also accounting for an increase in restricted funds of £3,456,036 (2021: increase of £2,669,960), an increase in the property fund of £346,118 (2021: decrease of £6,857,378) and an increase of £9,447 in the value of endowment funds (2021: increase of £7,000)

Southwark Diocesan Education Services Limited SDES

The charity operates a wholly owned subsidiary company, SDES Ltd. The 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Diocese of Southwark

The Southwark Diocesan Board of Education is a separate registered charity, but it is an integral part of the Diocese of Southwark as a whole, fulfilling the diocesan statutory duty in respect of children's education and its commitment to chaplaincy development. 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.

Board and Committee structure

The members meet three times a year. There is an Executive Committee (Policy and Strategy) which meet more frequently comprising of the Chair of the Board and Chairs of the sub-committees and on occasion, the Chair of the SDBE MAT alongside other senior members of the Board's senior officers.

The Board has four further committees:

- ◆ Finance and Development Committee
- ◆ Schools Committee
- ◆ Further and Higher Education Committee
- ◆ Audit Committee

Key management personnel

Together with the Board members, the Diocesan Director of Education, Assistant Diocesan Director of Education, Financial Controller, Buildings and Capital Programmes Manager and Office Manager are considered key management personnel by virtue of the fact that they are responsible for the day-to-day running of the Charity.

The Staffing Reference Group inform the Policy and Strategy Committee with regard to the annual pay award to staff.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**Relationships with other charities and foundations**

The SDBE has the opportunity to nominate a representative 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
- ◆ St. Mary Newington United Parochial Foundation

It also has representation at Saint Cecilia's as a Member, SMUPF, Member, Bacon's, REAch2 and the Anthem Trusts.

Directors of the Board

The following were directors and members of the Southwark Diocesan Board of Education at the date of this report. All have served through 2022 except where indicated otherwise:

Bishop of the Diocese (President)

The Rt Revd Christopher Chessun

Chair of the Board of Education

The Rt Revd Dr Rosemarie Mallett

Members appointed by the Bishop (up to 4)

One must be a Bishop of an episcopal area within the diocese

The Rt Revd Dr Rosemarie Mallett (from March 2022)

One must be an Archdeacon of an archdeaconry in the diocese

The Ven Dr Rosemarie Mallett (until March 2022)

The Ven Simon Gates (Dec 2022)

Mr Martin Brecknell

Vacancy

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors of the Board (continued)

CROYDON EPISCOPAL AREA

Croydon Archdeaconry

Member of Diocesan Synod

Ekindayo Olomu

Clerk in Holy Orders

The Revd Annie Kurk

Lay Member

Vacancy

Reigate Archdeaconry

Member of Diocesan Synod

Dr Catharina Stibe Hickson

Clerk in Holy Orders

Vacancy

Lay Member

Vacancy

KINGSTON EPISCOPAL AREA

Lambeth Archdeaconry

Member of Diocesan Synod

The Revd Erica Wooff

Clerk in Holy Orders

Vacancy

Lay Member

Maria McBean

Wandsworth Archdeaconry

Member of Diocesan Synod

Vacancy

Clerk in Holy Orders

Vacancy

Lay Member

Irene Wolstenholme

WOOLWICH EPISCOPAL AREA

Lewisham & Greenwich Archdeaconry

Member of Diocesan Synod

Vacancy

Clerk in Holy Orders

The Revd Ariadne van den Hof

Lay Member

Miles Winter

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**Directors of the Board (continued)****Southwark Archdeaconry**

Member of Diocesan Synod

Alberta Rosenoir

Clerk in Holy Orders

Revd Tomos Reed

Lay Member

Vacancy

Principal of Whiteland's College (or deputy)

Dr David Muir resigned July 22)

Chair of the Southwark Diocesan Head Teachers Association

Julia Corby

Chairs of Sub-Committees:

Policy & Strategy

The Rt Rev Dr Rosemarie Mallett

Schools

Elizabeth Broad

Finance & Development

Malcolm Edwards CBE

Further and Higher Education

The Revd Andrew Williams

One member elected from each sub-committee:

Schools

Elizabeth Broad

Finance & Development

Malcolm Edwards CBE

Further and Higher Education

Revd Andrew Williams

Co-opted Members (up to 4):

Secondary Headteacher

Helen Dixon

Primary Headteacher

Vacancy

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**Senior Staff and advisers**

Diocesan Director of Education	Rosalind Cordner
Assistant Diocesan Director of Education	Marcus Cooper to Oct 22
Financial Controller	David Coyle
Education Adviser	Rachel Phillips
Education Adviser	Vicky Matthews from June 22
Education Adviser	Rachael Norman
Primary RE Adviser	Shaun Burns
Secondary RE Adviser & Wellbeing, Mental Health and Character Education Adviser	Fiona Foreman
Governance Admissions and Development Adviser	Leo Morrell to Feb 22
Human Resources Adviser	Julie Richardson
Education Chaplaincy Development Officer	Fiona Foreman from Nov 22
Buildings and Capital Programmes Manager	Paul Forrest
Buildings and Capital Programmes Assistant Projects Manager	Sally Chapman
	Anita Marijetic
Office Manager	Corrina Zukowska
Administrator	Elisabeth Hart
Office Support	Sheila Talbott
Caretaker	Gyorgy Szabo

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have overall responsibility for ensuring the Charity has an effective system of control and for maintaining appropriate accounting procedures and records that comply with legislative requirements and good practice. To this end the Risk Register is updated annually with any key actions followed through via the appropriate committees. It is reviewed by Trustees at least annually as part of corporate risk management.

Key risks faced by the Board based on the current educational landscape, falling pupil numbers and analysis of the Risk Register are outlined below.

The anticipated impact of the White Paper to push for full academisation by 2030 was greatly reduced with publication of the Schools Act which removed the hard deadline.

However, schools continue to explore academisation and the SDBE recognised the need for a review of the structures in place nationally to serve as a baseline for the development of its growth strategy for the future. The current Trust cannot accommodate the Stand-Alone Trusts and the Board is reviewing the strategy for academisation over the year ahead.

There will be other implications to the Boards as more schools join the SDBE MAT, income to EPMS is reduced, so longer term planning for the Board will shape the strategic vision for the next triennium.

Following the Covid pandemic, Brexit, falling birth rates and the rising cost of living in central London, there are significant challenges and some Local Authorities report increasing surplus places across both primary and secondary provision; the implications are that the organisation of our school stock will change over the next three years.

Given the falling pupil numbers, the SDBE is working closely with colleagues across the LA/other Boards of Education to identify the best strategy to ensure CofE education is protected for future generations.

In readiness for changing income to fund the Board's staff team, we have used the opportunity of natural turnover to review the positions in place and have used secondments and consultants this year to ensure we have capacity to deliver the partnership agreement without overcommitting to an unaffordable staffing structure. Where gaps remained, we brokered services from other providers (governance for example) until the post was filled.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Other systems in place to secure minimal risk include:

Greater understanding of the sustainability of our family of schools; beyond school effectiveness indicators, developing a stronger evidence base including finances (including any deficit, local context, estate, succession planning and pupil numbers) and close engagement with LA Education Teams, including engagement with local council and Cabinet meetings.

There is steadfast commitment to maintaining church school proportionality across each Local Authority by engaging at all levels and through all routes available. Maximising representation of CofE voice. The Board agreed to fund a secondment for a day a week for an officer to focus wholly on managing surplus capacity pupil numbers, supported by other team members. There is the real understanding that some schools will close over the next three years and it is our responsibility as a Board of Education to guarantee and support a well managed, dignified closure that marks the achievements of the school within the local community – whilst balancing this with the same need for sensitivity when meeting with the local community that will change with the opening of a new secondary school in Kingston.

The Board wishes to acknowledge and thank the dedication of the school community over the last year and recognises the tremendous work of volunteer governors and committee members. We cannot complete our mission without them. Board members would also like to thank the small team of hardworking staff at the SDBE for making the mission real and for being the link between the diocese and the schools.

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;

STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

- ◆ 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:

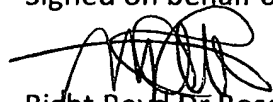
- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware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

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

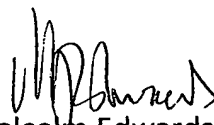
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United

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

Signed on behalf of the Board of Trustees:



Right Revd Dr Rosemarie Mallett, Trustee



Mr Malcolm Edwards, Trustee

Approved by the board on: 6 July 2023

Independent auditor's report 31 December 2022

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 2022 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 2022 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.

Independent auditor's report 31 December 2022

Conclusions relating to going concern (continued)

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.

Independent auditor's report 31 December 2022

Matters on which we are required to report by exception (continued)

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.

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

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.

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;

Independent auditor's report 31 December 2022

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

- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ tested authorization 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 authorized; 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.

Independent auditor's report 31 December 2022

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

21 July 2023

Consolidated statement of financial activities incorporating an income and expenditure account
Year to 31 December 2022

		Unrestricted funds		Restricted funds £	Endowment funds £	Total 2022 £	Total 2021 £
Notes	General funds £	Designated funds £					
Income and endowments from:							
Grants and donations	1	355,318	700,000	5,586,536	—	6,641,854	7,256,422
Charitable activities	2	74,276	—	595,980	—	670,256	605,471
Other trading activities	3	566,325	—	—	—	566,325	554,786
Investments	4	862,685	117,996	9,426	10,477	1,000,584	817,092
Total income		1,858,604	817,996	6,191,942	10,477	8,879,019	9,233,771
Expenditure on:							
Raising funds	5	431,126	—	—	—	431,126	511,353
Charitable activities	6	1,487,955	191,878	2,675,906	1,000	4,356,739	10,387,985
Total expenditure	7	1,919,081	191,878	2,675,906	1,000	4,787,865	10,899,338
Net (expenditure)/ income before investment gains and losses							
		(60,477)	626,118	3,516,036	9,477	4,091,154	(1,665,567)
Unrealised losses on investment properties	11b	—	(280,000)	—	—	(280,000)	(8,325,000)
Net (losses)/gains on listed investments	11a	(530,804)	—	—	—	(530,804)	278,434
Net (expenditure) / income before transfers							
		(591,281)	346,118	3,516,036	9,477	3,280,350	(9,712,133)
Transfers between funds	15	60,000	—	(60,000)	—	—	—
Net movement in funds	8	(531,281)	346,118	3,456,036	9,477	3,280,350	(9,712,133)
Reconciliation of funds:							
Funds brought forward at 1 January 2022		3,412,743	16,837,564	1,314,942	240,416	21,805,665	31,517,798
Funds carried forward at 31 December 2022	15	2,881,462	17,183,682	4,770,978	249,893	25,086,015	21,805,665

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 2021 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 £10,477 (2021: £8,103); endowed expenditure of £1,000 (2021: £1,000) and transfer of £nil (2021: £103) to the restricted fund.

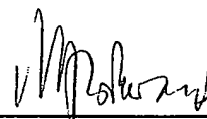
Balance sheets 31 December 2022

	Notes	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Fixed assets					
Tangible assets	10	1,236,199	1,236,198	1,428,383	1,428,077
Investments	11	21,720,680	21,720,680	22,202,852	22,202,852
		<u>22,956,879</u>	<u>22,956,878</u>	<u>23,631,235</u>	<u>23,630,929</u>
Current assets					
Debtors	13	368,778	251,900	147,619	69,108
Cash at bank and in hand		<u>3,883,754</u>	<u>3,830,226</u>	<u>1,381,555</u>	<u>1,333,344</u>
		<u>4,252,532</u>	<u>4,082,126</u>	<u>1,529,174</u>	<u>1,402,452</u>
Creditors: amounts falling due within one year	14	<u>(1,179,396)</u>	<u>(1,020,740)</u>	<u>(2,402,744)</u>	<u>(2,287,469)</u>
Net current assets (liabilities)		<u>3,073,136</u>	<u>3,061,386</u>	<u>(873,570)</u>	<u>(885,017)</u>
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	<u>(1,094,000)</u>	<u>(1,094,000)</u>	<u>(1,102,000)</u>	<u>(1,102,000)</u>
Net assets		<u>25,086,015</u>	<u>25,072,264</u>	<u>21,805,665</u>	<u>21,793,912</u>
The funds of the charity	15				
Unrestricted funds					
. General funds		2,881,462	2,869,711	3,412,743	3,400,991
. Designated funds		17,183,682	17,183,682	16,837,564	16,837,564
Restricted funds		4,770,978	4,770,978	1,314,942	1,314,942
Endowment funds		249,893	249,893	240,416	240,416
		<u>25,086,015</u>	<u>25,072,264</u>	<u>21,805,665</u>	<u>21,793,913</u>

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



Rt Revd Dr Rosemarie Mallett, Trustee



Mr Malcolm Edwards, Trustee

Approved by the board on: 6 July 2023

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

The notes on pages 31 to 57 form part of the financial statements.

Consolidated statement of cash flows Year to 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	1,130,247	(5,806,880)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,000,584	817,092
Proceeds from the disposal of listed investments		567,068	751,049
Purchase of listed investments		(634,623)	(686,239)
Net cash provided by investing activities		933,029	881,902
Change in cash and cash equivalents in the year		2,063,276	(4,924,978)
Cash and cash equivalents at 1 January 2022	B	3,339,055	8,264,033
Cash and cash equivalents at 31 December 2022	B	5,402,331	3,339,055

Notes to the cash flow statement for the year to 31 December 2022:

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	3,280,350	(9,712,133)
Adjustments for:		
Depreciation charge	192,184	192,502
Donated assets	(700,000)	(1,600,000)
Losses / (gains) on listed investments	530,804	(278,432)
Losses on investment properties	280,000	8,325,000
Dividends, interest and rents from investments	(1,000,584)	(817,092)
Amortisation of lease premium	(8,000)	(8,000)
Decrease in creditors	(232,676)	(1,955,363)
(Increase) / decrease in debtors	(1,211,831)	46,638
Net cash provided by / (used in) operating activities	1,130,247	(5,806,880)

B Analysis of changes in net debt

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	1,381,555	2,502,199	3,883,754
Cash held by investment managers	1,957,500	(438,923)	1,518,577
	3,339,055	2,063,276	5,402,331

Principal accounting policies Year to 31 December 2022

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 2022.

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.

Principal accounting policies Year to 31 December 2022

Assessment of going concern (continued)

The Board's market investments enjoyed slightly increased dividend income during the year, although not materially so. As in the previous year extensive financial modelling has been carried out to cover different scenarios. As the seriousness of the Covid 19 pandemic appears to have receded somewhat (due in large part to a successful vaccination campaign by the UK Government), the risk of rent defaults in Board owned properties would appear to have lessened. However, this particular risk has been replaced by the spectre of falling pupil demographics leading to potential school closures, of which the Board has already suffered two. 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 2023, 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.

Principal accounting policies Year to 31 December 2022

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.

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.

Principal accounting policies Year to 31 December 2022

Tangible fixed assets (continued)

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 John's CE school in Walworth closed. The Board is currently preparing to lease the empty site to generate income to support the activities of the charity. 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.

Principal accounting policies Year to 31 December 2022

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.

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.

Principal accounting policies Year to 31 December 2022

Funds (continued)

Conduit Funds – capital projects (continued)

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 38 are therefore accounted for as if they were defined contribution schemes. Further details are set out in note 17.

Notes to the financial statements Year to 31 December 2022

1 Grants and donations

	Unrestricted funds		Restricted funds	Endowment funds	2022
	General funds	Designated funds			
	£	£	£	£	£
Diocesan grant	336,795	—	11,517	—	348,312
Donated assets – 16 Larcom Street (note 11b)	—	700,000	—	—	700,000
VASCA Grants	—	—	5,575,019	—	5,575,019
Other grants	18,523	—	—	—	18,523
2022 Total funds	—	700,000	5,586,536	—	6,641,854

	Unrestricted funds		Restricted funds	Endowment funds	2021
	General funds	Designated funds			
	£	£	£	£	£
Diocesan grant	333,460	—	—	—	333,460
Donated assets – Walworth St John's (note 11b)	—	1,600,000	—	—	1,600,000
VASCA Grants	—	—	5,304,622	—	5,304,622
Other grants	18,340	—	—	—	18,340
2021 Total funds	351,800	1,600,000	5,304,622	—	7,256,422

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 as restricted income along with the related expenditure. The unspent balance at the end of the year is 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	2022
	General funds	Designated funds			
	£	£	£	£	£
Maintenance subscriptions	—	—	595,980	—	595,980
Other educational income	—	—	—	—	—
. Advisory and consultancy fees	40,250	—	—	—	40,250
. Bishop's certificate in church school governance	3,840	—	—	—	3,840
. Other sundry income	30,186	—	—	—	30,186
2022 Total funds	74,276	—	595,980	—	74,276

Notes to the financial statements Year to 31 December 2022

2 Charitable activities (continued)

	Unrestricted funds		Restricted funds £	Endowment funds £	2021 £
	General funds £	Designated funds £			
Maintenance subscriptions	—	—	534,076	—	534,076
Other educational income	—	—	—	—	—
. Advisory and consultancy fees	61,867	—	—	—	61,867
. Bishop's certificate in church school governance	2,400	—	—	—	2,400
. Other sundry income	7,128	—	—	—	7,128
2021 Total funds	71,395	—	534,076	—	605,471

3 Other trading activities

	Unrestricted funds		Restricted funds £	Endowment funds £	2022 £
	General funds £	Designated funds £			
Service Agreement Subscriptions	492,865	—	—	—	492,865
Management fees	—	—	—	—	—
. Capital projects	30,348	—	—	—	30,348
. Maintenance projects	7,398	—	—	—	7,398
Training events	3,335	—	—	—	3,335
Additional advisor support	3,212	—	—	—	3,212
Sundry trading income	29,167	—	—	—	29,167
2022 Total funds	566,325	—	—	—	566,325

	Unrestricted funds		Restricted funds £	Endowment funds £	2021 £
	General funds £	Designated funds £			
Service Agreement Subscriptions	482,206	—	—	—	482,206
Management fees	—	—	—	—	—
. Capital projects	4,817	—	—	—	4,817
. Maintenance projects	15,286	—	—	—	15,286
Training events	—	—	—	—	—
Additional advisor support	21,650	—	—	—	21,650
Sundry trading income	30,827	—	—	—	30,827
2021 Total funds	554,786	—	—	—	554,786

Notes to the financial statements Year to 31 December 2022

4 Income from investments

	Unrestricted funds		Restricted funds	Endowment funds	2022
	General funds	Designated funds			
	£	£	£	£	£
Listed and unlisted investments	93,724	—	9,426	10,477	113,627
Rental and lettings income	768,961	117,996	—	—	886,957
2022 Total funds	862,685	117,996	9,426	10,477	1,000,584

	Unrestricted funds		Restricted funds	Endowment funds	2021
	General funds	Designated funds			
	£	£	£	£	£
Listed and unlisted investments	60,390	—	13,023	8,103	81,516
Rental and lettings income	676,077	59,499	—	—	735,576
2021 Total funds	736,467	59,499	13,023	8,103	817,092

5 Expenditure on raising funds

	Unrestricted funds		Restricted funds	Endowment funds	2022
	General funds	Designated funds			
	£	£	£	£	£
Lettings expenses	391,382	—	—	—	391,382
Investment management fees	34,676	—	—	—	34,676
Bank charges	5,068	—	—	—	5,068
2022 Total funds	431,126	—	—	—	431,126

	Unrestricted funds		Restricted funds	Endowment funds	2021
	General funds	Designated funds			
	£	£	£	£	£
Lettings expenses	483,486	—	—	—	483,486
Investment management fees	24,475	—	—	—	24,475
Bank charges	3,392	—	—	—	3,392
2021 Total funds	511,353	—	—	—	511,353

6 Expenditure on charitable activities

	Unrestricted funds		Restricted funds	Endowment funds	2022
	General funds	Designated funds			
	£	£	£	£	£
School maintenance expenditure	—	—	471,806	—	471,806
VASCA grant expenditure	—	—	2,192,611	—	2,192,611
Advice and guidance	1,017,229	131,176	—	—	1,148,405
Training and development	247,858	31,962	11,489	1,000	292,309
Project management	222,868	28,740	—	—	251,608
2022 Total funds	1,487,955	191,878	2,675,906	1,000	4,356,739

Notes to the financial statements Year to 31 December 2022

6 Expenditure on charitable activities (continued)

	Unrestricted funds		Restricted funds	Endowment funds	2021
	General funds	Designated funds			
	£	£	£	£	£
School maintenance expenditure	—	—	951,592	—	951,592
VASCA grant expenditure	—	—	7,672,182	—	7,672,182
Advice and guidance	861,825	115,269	—	—	977,094
Training and development	288,888	38,639	136,738	1,000	465,265
Project management	283,883	37,969	—	—	321,852
2021 Total funds	1,434,596	191,877	8,760,512	1,000	10,387,985

7 Analysis of total expenditure

	Direct costs	Other directly allocated costs	Support costs	2022
	£	£	£	£
Raising funds (note 5)	430,868	258	—	431,126
Charitable activities (note 6)				
· School maintenance expenditure	471,806	—	—	471,806
· Advice and guidance	566,124	424,934	157,347	1,148,405
· Training and development	140,043	115,028	37,238	292,309
· Project management	36,951	2,285,712	121,556	2,444,219
	1,645,792	2,825,932	316,141	4,787,865

	Direct costs	Other directly allocated costs	Support costs	2021
	£	£	£	£
Raising funds (note 5)	511,106	247	—	511,353
Charitable activities (note 6)				
· School maintenance expenditure	951,592	—	—	951,592
· Advice and guidance	418,691	418,772	139,631	977,094
· Training and development	152,935	277,113	35,216	465,264
· Project management	51,763	7,810,124	132,147	7,994,034
	2,086,087	8,506,256	306,994	10,899,337

Support costs are analysed as follows:

	Expenditure on charitable activities			Total 2022
	Advice and guidance	Training and development	Project management	
	£	£	£	£
Finance and HR	77,379	4,372	56,834	138,585
Administration	37,290	22,467	55,371	115,128
Governance	42,678	10,399	9,351	62,428
2022 Total funds	157,347	37,238	121,556	316,141

Notes to the financial statements Year to 31 December 2022

7 Analysis of total expenditure (continued)

	Expenditure on charitable activities			Total 2021 £
	Advice and guidance £	Training and development £	Project management £	
Finance and HR	72,011	3,695	48,045	123,751
Administration	34,409	20,388	73,162	127,959
Governance	33,211	11,133	10,940	55,284
2021 Total funds	139,631	35,216	132,147	306,994

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:

	2022 £	2021 £
Staff costs (note 9)	1,210,259	1,132,803
Depreciation (note 10)	192,184	192,501
Auditor's remuneration (including VAT)		
. Audit work	28,693	25,790
. Other services	4,710	6,860
. Prior year	4,366	1,110
Bank charges and interest on bank loans and overdrafts	5,068	3,392

9 Employee and key management personnel remuneration

(a) Staff costs

	2022 £	2021 £
Wages and salaries	760,849	669,437
Social security costs	79,908	74,045
Pension costs	206,448	186,830
	1,047,205	930,312
Consultancy costs	163,054	202,491
	1,210,259	1,132,803

(b) Staff numbers

The number of employees during the year, calculated on an average headcount basis, was 16 (2021 – 16).

Notes to the financial statements Year to 31 December 2022

9 Employee and key management personnel remuneration (continued)

(c) Higher paid staff

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

	2022 number	2021 number
£60,000 - £70,000	4	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	—
£90,001 - £100,000	1	1
£100,001 - £110,000	1	—

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 £145,762 (2021 – £82,112). 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, Assistant Director of Education, 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:

	2022 £	2021 £
Remuneration, including employer's National Insurance contributions	401,419	400,507
Pension contributions	96,985	101,878
	498,404	502,385

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 (2021 – none).

Notes to the financial statements Year to 31 December 2022

10 Tangible fixed assets

	Freehold land and buildings £	Property improve- ments £	Charity total £	Group office and computer equipment £	Group total £
Cost					
At 1 January 2022	2,864,050	95,834	2,959,884	22,481	2,982,365
Additions	—	—	—	—	—
At 31 December 2022	2,864,050	95,834	2,959,884	22,481	2,982,365
Depreciation					
At 1 January 2022	1,527,859	3,948	1,531,807	22,175	1,553,982
Charge for the year	190,939	940	191,879	305	192,184
At 31 December 2022	1,718,798	4,888	1,723,686	22,480	1,746,166
Net book value					
At 31 December 2022	1,145,252	90,946	1,236,198	1	1,236,199
At 31 December 2021	1,336,191	91,886	1,428,077	306	1,428,383

11 Investments

Group and charity		2022 £	2021 £
Listed investments	(a)	5,090,680	5,992,852
Investment properties	(b)	16,630,000	16,210,000
		21,720,680	22,202,852

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 full revaluation of the property portfolio was undertaken by Rapleys LLP in March 2023 and this has been reflected in these valuations.

(a) Listed investments

Group and charity	2022 £	2021 £
Market value at 1 January 2022	4,035,352	3,821,730
Additions	634,623	686,239
Disposals (proceeds: £498,847, realised losses: £68,221)	(567,068)	(715,808)
Unrealised gains on revaluation	(530,804)	243,191
Market value at 31 December 2022	3,572,103	4,035,352
Cash held by investment managers	1,518,577	1,957,500
	5,090,680	5,992,852
Cost of listed investments at 31 December 2022	3,543,296	4,981,208

All listed investments were dealt in on a recognised stock exchange and comprised UK equities and UK managed funds. No individual holding comprised more than 5% of the portfolio in either the current or prior year.

Notes to the financial statements Year to 31 December 2022

11 Investments (continued)

(b) Investment properties

Group and charity	Charity and Group freehold properties	
	2022 £	2021 £
Valuation at 1 January 2022	16,210,000	22,935,000
Additions	700,000	1,600,000
Revaluation in the year	(280,000)	(8,325,000)
Valuation at 31 December 2022	16,630,000	16,210,000
Historic cost at 31 December 2021	4,998,161	4,298,161

Additions to investment properties include £700,000 in relation to the donation of a former school building at 16 Larcom Street (linked to St John's CE Primary School London) (2021 – £1,600,000 Walworth St John's), which is being held to generate rental income to support the work of the charity.

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 £613,578 (2021: £608,660), gross profit was £417,057 (2021: £565,947) and total administrative expenditure was £196,522 (2021: £166,748). The net profit after taxation was £nil (2021 – £nil) after recognising gift aided donations payable to the parent charity under the conditions of its Memorandum and Articles of Association of £417,057 (2021: £399,199).

13 Debtors

Amounts falling due within one year:

	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Other debtors	199,216	122,709	91,286	51,559
Prepayments and accrued income	169,562	129,191	56,333	17,549
	368,778	251,900	147,619	69,108

Notes to the financial statements Year to 31 December 2022

13 Debtors (continued)

Amounts falling due in more than one year:

	Group and Charity 2022 £	Group and Charity 2021 £
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 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Trade creditors	606,337	590,697	1,279,551	1,290,492
Other creditors	132,019	100,971	372,554	363,717
Conduit creditor	—	—	—	—
Accruals and deferred income	433,040	300,624	742,639	614,459
Amounts due to group undertakings	—	20,448	—	10,801
Deferred lease premium (see below)	8,000	8,000	8,000	8,000
	1,179,396	1,020,740	2,402,744	2,287,469

Amounts falling due in more than one year:

	Group and Charity 2022 £	Group and Charity 2021 £
Amounts payable to Southwark Diocesan Board of Finance	150,000	150,000
Deferred Highshore lease premium	944,000	952,000
	1,094,000	1,102,000

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.

Notes to the financial statements Year to 31 December 2022

14 Creditors (continued)

The movements on deferred income are analysed as follows:

	2022 £	2021 £
Brought forward as at 1 January 2022	1,088,179	1,087,417
Released in the year	(136,179)	(127,417)
New deferrals in the year	132,416	128,179
Carried forward as at 31 December 2022	1,084,416	1,088,179

The deferred income balance represents:

- ◆ Service income relating to periods after 31 December 2022 of £132,416 (2021: £128,179); and
- ◆ Deferred lease premium income relating to the Highshore lease, split between £8,000 included in creditors falling due within less than one year (2021: £8,000) and £944,000 included in creditors falling due in more than one year (2021: £952,000).

15 Analysis of group funds

Analysis of group net assets between funds

	General funds £	Designated property fund £	Restricted funds £	Endowment funds £	2022 Total funds £
Tangible fixed assets	—	1,236,199	—	—	1,236,199
Listed investments	4,146,364	—	764,964	179,352	5,090,680
Investment properties	—	15,630,000	—	1,000,000	16,630,000
Net current (liabilities) assets	(1,264,902)	317,483	4,006,014	14,541	3,073,136
Non-current assets	—	—	150,000	—	150,000
Non-current liabilities	—	—	(150,000)	(944,000)	(1,094,000)
	2,881,280	17,183,682	4,770,978	249,893	25,086,015

	General funds £	Designated property fund £	Restricted funds £	Endowment funds £	2021 Total funds £
Tangible fixed assets	—	1,428,382	—	—	1,428,382
Listed investments	4,751,893	—	1,063,747	177,211	5,992,851
Investment properties	—	15,210,000	—	1,000,000	16,210,000
Net current (liabilities) assets	(1,339,150)	199,182	251,194	15,205	(873,569)
Non-current assets	—	—	150,000	—	150,000
Non-current liabilities	—	—	(150,000)	(952,000)	(1,102,000)
	3,412,743	16,837,564	1,314,942	240,416	21,805,665

Notes to the financial statements Year to 31 December 2022

15 Analysis of group funds (continued)

Reconciliation of funds

	Balance at 1 January 2022 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31 December 2022 £
Endowment funds	240,416	10,477	(1,000)	—	—	249,893
Restricted funds						
External maintenance scheme	—	595,980	(471,806)	—	(60,000)	64,174
VASCA capital funds	(548,066)	5,575,019	(2,192,610)	—	—	2,834,343
Other restricted funds	1,863,008	20,943	(11,490)	—	—	1,872,461
	1,314,942	6,191,942	(2,675,906)	—	(60,000)	4,770,978
Designated funds						
Property fund	16,830,885	700,000	(191,878)	(280,000)	—	17,059,007
Croydon St Andrews Fund	6,679	117,996	—	—	—	124,675
	16,837,564	817,996	(191,878)	(280,000)	—	17,183,682
General funds (including trading funds of £11,755)	3,412,743	1,858,604	(1,919,081)	(530,804)	60,000	2,881,462
Total unrestricted funds	20,250,307	2,676,600	(2,110,959)	(810,804)	(60,000)	20,065,144
	21,805,665	8,879,019	(4,787,865)	(810,804)	—	25,086,015

	Balance at 1 January 2021 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31 December 2021 £
Endowment funds	233,416	8,103	(1,000)	—	(103)	240,416
Restricted funds						
External maintenance scheme	177,819	534,076	(951,592)	—	239,696	—
VASCA capital funds	1,819,496	5,304,622	(7,672,182)	—	—	(548,064)
Other restricted funds	1,986,722	13,024	(136,738)	—	—	1,863,008
	3,984,037	5,851,721	(8,760,512)	—	239,696	1,314,941
Designated funds						
Property fund	23,555,885	1,600,000	—	(8,325,000)	—	16,830,885
Croydon St Andrews Fund	139,057	59,499	(191,877)	—	—	6,679
	23,694,942	1,659,499	(191,877)	(8,325,000)	—	16,837,564
General funds (including trading funds of £11,755)	3,605,403	1,714,448	(1,945,949)	278,434	(239,593)	3,412,743
Total unrestricted funds	27,300,345	3,373,947	(2,137,826)	(8,046,566)	(239,593)	20,250,307
	31,517,798	9,233,771	(10,899,338)	(8,046,566)	—	21,805,665

15 Analysis of group funds (continued)

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 Periodic 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.

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 keep the property compliant and insured.

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 commitment on the fund. The funds are restricted to capital and maintenance projects at the schools. VASCA funds 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

	2022 £	2021 £
Income	6,783,279	8,739,901
Expenditure	(6,783,279)	(8,739,901)
	—	—

The income figure represents funds receivable from Salix Finance Ltd, Devolved Formula Capital from schools and Governor and Local Authority Contributions to building projects, while the expenditure figure represents supplier and contractor costs incurred and committed during the year. Unspent committed costs are realised in the forthcoming financial year and represent timing differences in acquiring the funds with their related expenditure. The main reasons for the decrease in 2022 are reduced funding from the Salix Finance Company and associated governor and Devolved Formula Capital contributions. These are recognised as income and expenditure as discussed in note 1 and the accounting policies.

The Conduit Fund exists to channel funds sourced from the public sector into capital and maintenance projects in schools; it posts no profit and all its funds are committed. As at 31 December 2022 the combined total assets of the fund (including accrued income) amounted to £6.8m. The combined liabilities were identical. Additionally, as at 31 December 2022 the charity owed £nil to the conduit fund (2021: £nil). Separately, amounts held on behalf of schools as part of the Devolved Formula Capital Scheme (which are ultimately destined for the conduit fund) were £0.6m at 31 December 2022 (2021: £2.49m). 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 £206,448 (2021: £186,830). There were no creditors falling due within one year at either 31 December 2022 or 31 December 2021.

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.

17 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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
- ♦ 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 £104,921 (2021: £80,343).

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

17 Pension and similar obligations (continued)

Church of England Church Workers Pension Fund

Valuation of the Church of England Church Workers Pension Fund

Southwark Diocesan Board of Education (DBS) 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 scheme separately from those of the Employer and the other participating employers.

CWPF has two sections:

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

Defined Benefits Scheme

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £101,526; 2021: £106,519).

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.

17 Pension and similar obligations (continued)

Church of England Church Workers Pension Fund (continued)

Defined Benefits Scheme (continued)

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m

The next actuarial valuation is due at 31 December 2023.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 45% of pensionable salary and expenses of £5,400 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 2022, the group received grant funding amounting to £336,795 (2021: £333,460) in respect of the Diocesan Measure and lettings income of £20,313 (2021: £19,200) 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 owed £150,000 (2021: £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 2021, the group received income of £11,490 (2021: £11,154), including VAT, from Bacons College in respect of the provision of a service level agreement. £nil was owing at 31 December 2022 (2021: £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 2022, the group received income of £121,088 (2021: £143,812) 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 2022, £11,613 remained to be received (2021: £25,640). SDBE Multi-Academy Trust is a related party by virtue of the fact that it shares a number of trustees with the charity.

Notes to the financial statements Year to 31 December 2022

18 Related party transactions (continued)

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 (2021: £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 £2,080 (2021: £82) 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 £160,243 were held in designated bank accounts separate from the charity and trading subsidiary's designated bank accounts (2021: £158,162). 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.

Notes to the financial statements Year to 31 December 2022

21 Consolidated statement of financial activities – Year to 31 December 2021

		Unrestricted funds		Restricted funds £	Endowment funds £	Total 2021 £	Total 2020 £
Notes	General funds £	Designated funds £					
Income and endowments from:							
Grants and donations	1	351,800	1,600,000	5,304,622	—	7,256,422	15,158,835
Charitable activities	2	71,395	—	534,076	—	605,471	620,651
Other trading activities	3	554,786	—	—	—	554,786	547,401
Investments	4	736,467	59,499	13,023	8,103	817,092	951,637
Total income		1,714,448	1,659,499	5,851,721	8,103	9,233,771	17,278,524
Expenditure on:							
Raising funds	5	511,353	—	—	—	511,353	345,940
Charitable activities	6	1,434,596	191,877	8,760,512	1,000	10,387,985	6,095,714
Total expenditure	7	1,945,949	191,877	8,760,512	1,000	10,899,338	6,441,654
Net income (expenditure) before investment gains and losses							
		(231,501)	1,467,622	(2,908,791)	7,103	(1,665,567)	10,836,870
Unrealised losses on investment properties							
	11b	—	(8,325,000)	—	—	(8,325,000)	—
Net gains on listed investments							
	11a	278,434	—	—	—	278,434	217,871
Net income (expenditure) before transfers							
		46,933	(6,857,378)	(2,908,791)	7,103	(9,712,133)	11,054,741
Transfers between funds							
	15	(239,593)	—	239,696	(103)	—	—
Net movement in funds							
	8	(192,660)	(6,857,378)	(2,669,095)	7,000	(9,712,133)	11,054,741
Reconciliation of funds:							
Funds brought forward at 1 January 2021							
		3,605,403	23,694,942	3,984,037	233,416	31,517,798	20,463,057
Funds carried forward at 31 December 2021							
	15	3,412,743	16,837,564	1,314,942	240,416	21,805,665	31,517,798