

*The Southwark Diocesan Board of Education (Incorporated)*  
*Directors' report and financial statements*  
*31 December 2009*

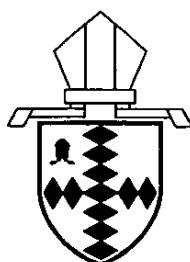
**THE SOUTHWARK DIOCESAN BOARD OF EDUCATION  
(INCORPORATED)**

**A COMPANY LIMITED BY GUARANTEE**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

**COMPANY REGISTERED NUMBER 86641**



**Directors' Report and Financial Statements**

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## **INTRODUCTION**

The Trustees (who are also the Directors for Companies Act purposes) present their Annual Report and the audited Financial Statements for the year ended 31 December 2009

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

The SDBE also provides information through a range of publications the Diocese of Southwark Annual Review and website, [www.southwark.anglican.org/education](http://www.southwark.anglican.org/education)

## **REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Registered Name</b>	Southwark Diocesan Board of Education
<b>Registered charity number</b>	313001
<b>Company registration number</b>	86641
<b>Registered Office</b>	Southwark Diocesan Board of Education, 48 Union Street London SE1 1TD
<b>Company secretary</b>	Mrs Barbara Lane
<b>Professional Advisors</b>	
Bankers	National Westminster Bank plc 57 Victoria Street London SW1H 0HN
Solicitors	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB
Auditors	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY
<b>Senior Management Team</b>	
Mrs Barbara Lane	Director of Education
Dr Carol Jerwood	Assistant Director Governor and Pupil Support
Mrs Sandra Routledge	Assistant Director School Effectiveness
Mr John Russell	Assistant Director Finance and Development

**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**

**Trustees during 2009:**

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

The Rt Revd Dr Thomas Butler  
The Rt Revd Dr Richard Cheetham

**Members appointed by the Bishop**

Mr Jeremy Baker  
Miss Beverley Fraser  
Miss Sylvia Morris  
The Very Revd Colin Slee

**CROYDON EPISCOPAL AREA**

**Croydon Archdeaconry**

Member of Diocesan Synod  
Clerk in Holy Orders  
Lay Member

Mr Peter Gowlland  
The Revd Darren Miller  
Mrs Penny Smith-Orr

**Reigate Archdeaconry**

Member of Diocesan Synod  
Clerk in Holy Orders  
Lay Member

Mr John Hillman  
The Revd Peter Moseling  
Mrs Eileen Perryer

**KINGSTON EPISCOPAL AREA**

**Lambeth Archdeaconry**

Member of Diocesan Synod  
Clerk in Holy Orders  
Lay Member

Mr Peter Haddock  
The Revd Canon Stephen Coulson  
Ms Elaine Thomas

**Wandsworth Archdeaconry**

Member of Diocesan Synod  
Clerk in Holy Orders  
Lay Member

Mrs Pam Davies  
The Revd Jessie Anand  
Mr Martin Brecknell

**WOOLWICH EPISCOPAL AREA**

**Lewisham Archdeaconry**

Member of Diocesan Synod  
Clerk in Holy Orders  
Lay Member

Mr Bob Love  
The Revd David Sherratt  
Mr Graham Long

**Southwark Archdeaconry**

Member of Diocesan Synod  
Clerk in Holy Orders

Lay Member

The Revd Canon Dianna Gwilliams  
The Revd Mike Todd (Jan-Oct 2009)  
The Revd Andrew Dodd (Oct-Dec 2009)  
To be appointed

**Chair of the Southwark Diocesan Head Teachers Association**

Mr Andrew Redman  
(also a Member of Schools Committee)

Principal of Whiteland's College (or deputy)

The Revd Canon Dr Geoffrey Walker

**Chairs of Committees appointed by Chair of Board**

Schools  
Finance & Development  
Further and Higher Education Committee

The Venerable Christopher Skilton  
Mr Malcolm Edwards  
Mr Trevor Gordon (Jan-Mar 2009)  
The Revd Mike Todd (Mar-Dec 2009)

## REFERENCE AND ADMINISTRATIVE DETAILS (continued)

### One member elected from each sub-committee

Schools	To be appointed
Finance & Development	To be appointed
Further & Higher Education	The Revd Frank Hung
Each trustee being a member of the Trust has given a guarantee of £1. in accordance with the Articles of Association	

### Members and Members' interests

The members of the Board are directors under the Companies Act 2006. Their names are included on the previous page.

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

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing document

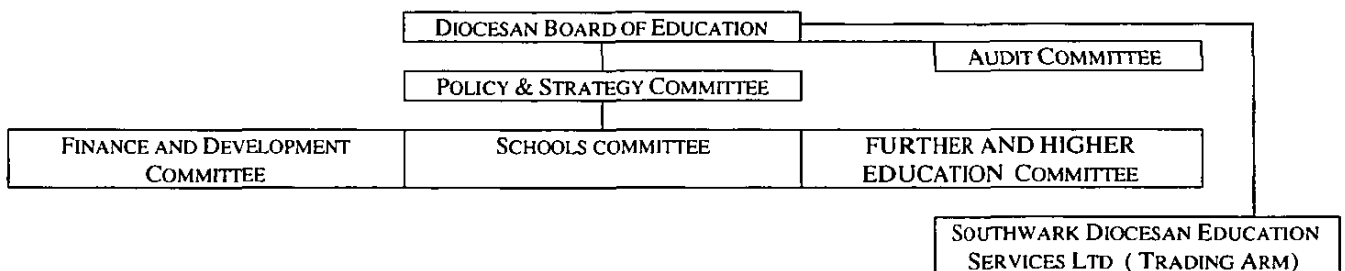
Memorandum and Articles of Association

The Board has a membership representing a wide range of interest including representatives from Deaneries appointed through each of the three Episcopal Area Forum, the Chair of the Southwark Diocesan Head Teachers Association, the Principal of Whitelands College, University of Roehampton and appointees from each of the Board's three Committees as well as the Chairs of the Committees.

The Board's three principle Committees are, Schools, Finance & Development and Further & Higher Education. The Schools Committee includes a significant representation of headteachers and foundation governors from diocesan schools. The three Committees are each serviced by an officer of the Board. The Board also appoints an Audit Committee.

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

Day to day management of the SDBE is delegated to the Director and Assistant Directors, urgent matters and those which cannot wait for consideration by the Board and Committees are referred to the Policy & Strategy Committee. Members of the Policy & Strategy Committee are the Chairs of the Board and Committees and the Director. The Policy & Strategy Committee meets three times each year between Board meetings and supports the strategic development of the Board and the work of the Committees.



## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

Deanery Synod nominations to Episcopal Area Forum require nominees to identify relevant areas of interest and experience. Generally Members of the Board have experience as trustees of other charities. An induction pack and programme has been introduced and ongoing training and development needs are met through briefing sheets and presentations at Board meetings.

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

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

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

The SDBE is an incorporated body, a company limited by guarantee (1905), within the Diocese of Southwark, working with parishes and other diocesan organisations. The SDBE receives an annual grant from the Diocese through the Diocesan Board of Finance. This grant is subject to annual review and approval by Diocesan Synod.

### **Relationship with other Charities and Foundations**

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

- Greenwich Bluecoat Foundation,
- Newcomen Collet Foundation,
- St Gabriel's Trust and
- Sir John Cass's Foundation

### **Risk and Internal Controls**

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

- Strategic development priorities and annual budget approved by Trustees
- Regular monitoring of financial performance and service delivery
- Appropriate delegation of authority and segregation of duties and the
- Identification and management of risk
- Adherence to Section 4 of the Charities Act 2006 and Trustee's requirement to have regard to public benefit

The major risks to which the charity is exposed, as identified by the Trustees, are regularly reviewed and systems have been established to mitigate those risks. These are included in the Risk Assessment Policy Document approved by the Audit Committee and will be subject to review in the autumn of 2010 following work to be led by Haysmacintyre, our auditors. The trustees have also developed a Disaster Recovery Plan in the event of an act or actions beyond the control of the Board. The plan includes alternative arrangements and working locations to be used to support service continuity.

## **MISSION AND AIMS**

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

- The Diocesan Board of Education Measure 1991, and
- The Memorandum and Articles of Association of the Southwark Diocesan Board of Education

During 2009 the Board approved the following guiding statements

Our Vision is to promote Christian education and enable church schools and education chaplaincy to be at the heart of the mission and ministry of the Diocese of Southwark in the 21<sup>st</sup> Century

Our Mission - Supporting Christian Education by

- Promoting and nurturing effective distinctive and inclusive church schools
- Developing and supporting education chaplaincy in further and higher education and
- Building effective partnerships across our diocese and with those involved in local and national education

The SDBE aims to support the provision, effectiveness and development of education in all Church of England schools within the Diocese of Southwark. It specifically seeks to nurture and develop the Christian ethos and distinctiveness of church schools to promote excellence in religious education and collective worship to provide high quality advice to school governors and trustees and to enable the provision and improvement of school buildings and facilities. The SDBE also supports the provision and development of education chaplaincy in higher and further education institutions.

## **BENEFICIARIES AND SERVICE USERS**

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

Our principal beneficiaries or service users are the Church of England schools and students and staff of the universities and colleges located within the Diocese of Southwark. In terms of the scope and scale of the work of the SDBE these include

- 91 Primary schools of which 86 are Voluntary Aided, 4 Voluntary Controlled and 1 Foundation,
- 15 Secondary schools of which 12 are Voluntary Aided and 3 are Church of England Academies
- Approximately 35,000 children and young people who attend C of E schools
- Approximately 4,000 school staff employed by school governing bodies
- Approximately 2,000 school governors and trustees and
- 7 Higher and 11 Further Education institutions

In practice the relationship with our service users is one of partnership and collegiality. While most of our activities are directly in support of the staff and governors of our schools, our mission is directed towards the advancement and promotion of education for more than 35,000 children and young people in the maintained education sector.

The SDBE is not primarily a grant giving body, however from time to time funds are provided for schools in particularly difficult circumstances which can only be overcome by capital investment.

The needs and requirements of our service users are identified in a number of ways including through

- Regular contact with headteachers and governors and in response to requests for advice and support provided through our Service Agreement for Church of England schools and academies
- Named Liaison Officers who provide pastoral support to all headteachers.
- Governor meetings, briefings and training
- Regular meetings with Headteachers and Deputy Headteachers
- Meetings of the Board of Education and its Committees.
- Meetings with the Southwark Diocesan Head Teachers' Association Committee
- Annual residential conference for Headteachers and Deputy Headteachers
- Analysis of the outcomes of school inspection by Ofsted and through the Statutory Inspection of Anglican Schools
- Analysis of feedback from training and development events, and
- SDBE Representatives on local authority overview and scrutiny committees

## **OBJECTIVES AND ACTIVITIES**

The SDBE's primary function is to support Christian education. The work of the SDBE is divided into three main areas:

- School Effectiveness
- Governance and Pupil Support, and
- Finance and Development

In addition, Diocesan Synod has included oversight of education chaplaincy in Further and Higher Education within the remit of the Diocesan Board of Education.

Services are provided in the form of:

- Advice, guidance and support to headteachers, governors, trustees and chaplains,
- Training and development for school staff and governors
- Project management and support for the development of school buildings and facilities, and
- Support for the provision and development of education chaplaincy

These services are largely provided through a Service Agreement for our schools. The Service Agreement includes a wide range of services, support and guidance which have been developed to meet the particular needs and requirements of Church of England schools, including:

- Assisting schools with whole church school improvement and development, including teaching and learning strategies and general preparation for Ofsted (Section 5 inspections) and the Statutory Inspection of Anglican Schools (SIAS – Section 48 inspections)
- Assisting schools in providing high quality Religious Education and Collective Worship
- Assisting schools in the recruitment and development of school leaders
- Providing advice, guidance and training for governing bodies and foundation governors, and
- Providing advice on all matters in connection with maintenance and development of school buildings and sites

For 2009 the key objectives of the Southwark Diocesan Board of Education were:

- To support church school effectiveness and self-evaluation
- To enable legacy management and succession planning for schools and for the Board of Education,
- To work with schools to improve and develop the teaching of Religious Education and also Collective Worship,
- To advise governing bodies and monitor the implementation of the Code of Practice on Admissions
- To support capital investment programmes for schools, including the Building Schools for the Future and Primary Capital programmes,
- To seek opportunities to develop Church of England primary and secondary schools where there is an identified need and opportunity, and
- To support the provision and development of Further and Higher education chaplaincy

## **ACHIEVEMENTS AND PERFORMANCE**

The following provides a brief overview for 2009:

### **School Effectiveness**

- During the year 7 headteachers retired, 2 resigned to take up other work in education and 8 new headteachers were appointed. New headteachers were able to access a planned induction programme to support church school leadership.
- In response to the national strategy for succession planning, Advisers planned and hosted a conference at Lambeth Palace for Heads and Governors on Legacy. A record of this event forms part of the National Society's promotional material on good practice.
- Showcasing of outstanding schools was used to encourage and support good and satisfactory schools to move forward.
- Training around the new Ofsted inspection framework, both centrally and with individual schools, continued to impact on the improving picture of diocesan schools in inspection.

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### **Ofsted Inspection**

- During the year 37 primary schools were inspected. Of these 9 were graded 'outstanding', 16 'good', 11 'satisfactory' and 1 inadequate. 5 secondary schools were inspected. Of these 1 was judged 'outstanding', 2 'good', 2 'satisfactory' and 1 inadequate. As in previous years particularly strong features of Diocesan schools were the level of pastoral care provided and the quality of the personal development of pupils.
- Christ Church Primary School, Blackwell Lane was deemed 'Satisfactory' following inspection and was removed from the category of 'notice to improve' though continues to be monitored closely by the Local Authority and the Diocesan Board of Education.
- St John's Primary School, Caterham and St Mark's Academy, Mitcham were placed in a 'notice to improve' category and continue to be monitored termly by HMI.

### **Statutory Inspection of Anglican Schools (SIAS)**

- 34 out of the 35 primary schools inspected during the year were judged 'good' or better (12 'outstanding'). 4 secondary schools were inspected, 3 were judged 'outstanding', 1 'good'. No school was deemed inadequate. This maintains the strong performance of the previous year. Only 1 primary school was judged 'satisfactory' after a period of instability in the leadership. Percentages remain slightly higher than church school inspection grades achieved nationally.

### **Religious Education and Collective Worship**

- Diocesan schemes of work for religious education are firmly embedded in the VA primary schools. These are available on the website. In addition to providing a range of activities to make the subject enjoyable and develop cross curricular links they give teachers clear guidance on expected learning outcomes. These ensure religious education maintains its important place in the primary curriculum and is engaging and challenging for all pupils.
- Providing continual professional development for church school primary teachers remains a priority. Primary School RE Subject Leader Conferences are held twice a year. These are very well attended. Over the past few years several RE subject leaders have developed confidence and expertise as middle leaders and excellent RE teachers and they are able to train others. This year a 'RE Unpacked and Transformed' course has been run for teachers in their 2<sup>nd</sup> to 5<sup>th</sup> year of teaching. It has proved very beneficial and will be continued as part of SDBE's substantial training programme which includes training for leaders of collective worship.
- We continue to have the benefit of an Advanced Skills Teacher in RE working one day a week in a number of our primary schools. In addition a RE subject leader and two headteachers are providing support to schools for the two day secondment of the primary RE adviser to the National Society. The wide range of advice and support we are able to offer is well received and impacting improvements in inspection grades.
- Religious Education in Secondary Schools continues to be taught by specialists and all students have the opportunity of studying the subject at examination level. Secondary school chaplains meet together once each term to share and learn from each other.

### **Governor and Pupil Support**

- Briefings and guidance on a range of topics, including admissions and appeals.
- The Board provided a comprehensive programme of governor training and support with a focus on church school distinctiveness, self-evaluation, the maintenance and development of school buildings, the new OFSTED framework and induction for new governors.
- 178 governors attended central training courses and a large number of governing bodies also requested tailor-made training.

## ACHIEVEMENTS AND PERFORMANCE (continued)

### School Buildings, Finance and Development

- During the year the national capital investment programmes in connection with the development of school buildings continued to impact on our diocesan Voluntary Aided schools. There are two distinct programmes: Building Schools for the Future (BSF-Secondary) and the Primary Capital Programme (PCP), both programmes are planned to roll out over the next 15 years or so in waves and phases, government policies permitting and assuming education capital budgets continue to be ring-fenced.
- During the year the two schemes to replace primary schools in North Brixton and Woolwich progressed. The works at Christ Church CE Primary, North Brixton are complete and St Mary Magdalene CE Primary, Woolwich is now out of the ground with the School based at a temporary site at the Post 16 Campus, Shooters Hill.
- The funding to build St Mary Magdalene at 2FE was secured by the LA through Section 106 and the Primary Capital Programme (PCP).
- PCP funding has been mainly used to deal with the rapid increase in the demand for reception class places. A number of our schools have been asked to accept 'bulge' classes and in some cases expand permanently from 1FE to 2FE.
- The replacement of Northbrook CE School has received funding approval under the London Borough of Lewisham's PFI arrangements within the local Building Schools for the Future programme. The School is currently operating in a temporary school building in Ennersdale Road. Construction works started in 2009 and are ongoing.
- The following tables present an overview of the value of building projects and the number of schools that benefitted during 2009.

Major Building Projects	Value (millions)	No of Schools Benefiting
	£15m	2

Local Authority Coordinated Voluntary Aided Programme, Projects	Value	No of schools benefiting
	£7.9m	110

Devolved Formulae Capital Projects	Value	No of schools benefiting
	£2.7m	94

### Further and Higher Education Chaplaincy

- The Chaplaincy Development Officer, Siniol Davies, continued to extend networks and engagement across the sector and the Diocese. HE Chaplains met on a number of occasions to share experience and practice.
- Mr Trevor Gordon stepped down as Chair of the FE & HE Committee and remains on the Committee as its Vice Chair. Bishop Richard appointed the Revd Mike Todd who has much experience of the sector and particularly in FE.
- The "Student Experience Toolkit" was published by the Board of Education and launched in May by Bishop Richard at an event held at Southwark Cathedral with support from the national FE Officer.

## **INVESTMENT POLICY AND PERFORMANCE**

The Board's investment powers fall under the Companies Act(s) and its Memorandum and Articles of Association in which paragraph 10 permits the Board "to invest any monies possessed by the Board (or held in trust by it) in or upon such investments or securities as may from time to time be determined but so that moneys subject or representing 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'

The Trustees pursue an ethical investment policy, broadly in line with the recommendations of the Church Commissioners. The Board's current Ethical Investment policy has been reviewed and confirmed to our fund managers. The Board's Investment Managers Brooks McDonald are a small to medium sized firm of Asset Managers whose shares are quoted on the AIM market and who are regulated by the Financial Services Authority.

The Board invests in a range of assets for the best total return possible in the long term without undue risk. They include UK equities, property as well as bonds. We review the proportions each year to improve the overall spread and management of risk.

Global equities had a remarkable 2009, with an explosive rally in world stock markets from multi-year lows in March as Governments around the world reasserted a degree of control after the crisis began in 2008. The G20 nations (representing the leading developed and developing countries) met twice in 2009 and agreed to a multi-lateral approach to financial regulatory reform and global economic recovery. Western central banks responded to the financial crisis, slashing interest rates and providing unprecedented injections of capital thereby helping to avert a systemic financial meltdown and economic depression.

The FTSE 100 index closed the year at 5,412, a rise of 22% and the biggest annual gain since 1997. The value of the relative (original) investment portfolio rose 11.03% and the target return portfolio value rose 12.47% over the year, both ahead of the APCIMS Income benchmark return index returns of 9.85%. The board retained the low to medium risk profile on the relative return portfolio throughout the year.

The fund's total return on investments excluding property was a loss of £199,635 in 2009 (as compared to a loss of £297,919 in 2008). Total investment assets excluding property stood at £6,887,102 at the end of 2009, (2008: £6,739,296).

The Board's property portfolio was revalued as at 31 December 2005 by a professional surveyor to reflect the increase in the value of the portfolio since the last valuation as at 31 December 2002. The value of the Board's property assets have been included in the Board's assets at the sum of £4,884,755 (£4,814,131 in 2008). The income return on property assets was £173,630 (2008: £321,742). Other than the revaluation of one of the Board's restricted properties at the year end 2008 (see note 7iii) there were no unrealised gains on property assets in the year (2008: Nil).

The Central Board of Finance (CBF) funds are collective investment schemes regulated by the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995 and the Trustee Act 2000. The CBF has delegated to CCLA Investment Management Limited, which is regulated by the Financial Services Authority, the investment management, administration and registration of the funds.

## **FINANCE REVIEW**

### **Finance and Resources**

- The Board of Education is established as a statutory body to fulfil a range of duties and responsibilities
- The Board of Education team comprises the equivalent of 15 full time equivalent staff. Annual consolidated income of the Board of Education in 2009 was received from the following sources

Schools	51%	Service Agreement and related income
Diocesan Grant	26%	
Lettings and Investment	23%	

- A rigorous approach to budget planning, monitoring and review supported by robust financial systems was confirmed by our annual audit
- Following completion of the Diocese's Financial Strategy Review, the Board of Education was granted an additional allocation of £200,000 to be applied over three years ending at September 2010. This funding has enabled the Board to appoint a Capital & Programmes Officer for a three year fixed-term contract
- During 2009 the Board continued to support diocesan schools in the effective management of their Devolved Formula Capital Grant (DFC). Our finance and grants team has been able to assist schools with their signed annual assurance statement to the DCSF (now DfE) and ensuring that funds are properly invested in a dedicated Church of England Central Board of Finance deposit fund in the name of each school until spent on capital works, with income being rolled up for the benefit of each church school

For the discharge of its day to day outgoings, as distinct from its work connected with building works at the schools, the Board is very dependent on the subvention received from the Diocese of Southwark, which amounted to a total grant of £351,737 for the year, comprising £264,082 grant and £87,655 additional grant allocation.

All assets are held primarily for investment purposes. In the context of the Board's future plans and commitments, it is expected that appropriate funding will enable the discharge of on-going items of expenditure and projects not yet completed.

There have been no revaluations of fixed assets other than those classed as investments. All investments have been acquired in accordance with the Trustees' powers.

There have been no significant post balance sheet events. The Board's assets are available and adequate to fulfil the obligations of the charity.

In operational terms, represented by the Board's unrestricted funds only, the Board's expenditure exceeded its income on its operational and building activities by £134,726 after taking account of a transfer of £60,000 from the external maintenance restricted fund representing the costs of administering the fund (2008 £60,000). This gives, read together with realised and unrealised gains on the value of investments of £199,635 (2008 losses of £297,919), a surplus on the unrestricted (operational) activities of the Board for the year of £66,755 (2008 £287,637 deficit). Overall there was a net decrease in funds of £562,046 (2008 £294,243 increase) after accounting for decreases in restricted and endowment funds of £628,801 (2008 £581,879).

### *Southwark Diocesan Education Services Limited*

The Board operates a wholly owned subsidiary company, Southwark Diocesan Education Services Limited. This company carries out a number of the Board's activities including the provision of services for schools in the Diocese of Southwark and the provision of administrative services for the Board. Its turnover for the year was £503,528 and the company made an operating profit of £Nil after payment of Gift Aid to the Board of Education, *see the consolidated accounts*.

## **RESERVES POLICY**

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

- to provide an advisory service and
- to maintain and improve the building stock

The Reserves Policy of the Trustees has been determined in the light of these objectives. Its main features are

- (a) To maintain a margin of working capital sufficient to enable all aspects of the Board's work to be conducted in an orderly and efficient way and in particular to deal with the management of the schools' building and maintenance programme where the timing of the cash flow from receipts and payments often requires temporary bridging from internal resources
- (b) Current income and expenditure of the Board should be in balance and every effort will be made to maintain this, but a liquid reserve is necessary to provide for any unexpected but unavoidable items of expenditure which cannot be funded from current income. In this respect, it is important to realise that certain of the Board's reserves are in the form of fixed assets which would take time to realise and which in any case provide income which is part of the monies used to fund the current work of the Board
- (c) In addition to (a) and (b) above it is desirable that the Board retains additional reserves to allow it to take advantage of the opportunities afforded by changes in the educational system, to expand and strengthen Church of England education in the Diocese

In accordance with Charity Commission guidance in its publication CC19 the following are not considered as reserves for the above purposes: Endowment funds, Restricted funds, Designated funds and Income funds represented by fixed assets held for the Board's use. In order to meet the criteria in (a), (b) and (c) above the Trustees consider that the minimum level of reserves required are three times average annual expenditure on management of the capital and maintenance projects and management and administration of the charity, of which one year should be represented by liquid resources.

An additional sum of half a million pounds should be maintained in reserve to facilitate future development of Church of England education in the Diocese.

The reserves policy will be monitored by the Board's Audit Committee and reviewed annually.

The current free reserves of the Board in accordance with the definition above are £4.6m (2008 £4.6m). The Board's policy implies a level of reserves of £3.7m (2008 £3.6m) and it is the Board's intention to manage its reserves to this level over a period of time.

## **FUTURE PLANS**

### **Strategic Development**

For 2009 the Board of Education had agreed the following strategic development priorities to underpin its service planning and delivery. These will be subject to evaluation and may be revised in response to new policy developments and statutory changes in legislation regulating the duties and responsibilities of Diocesan Boards of Education.

- To locate Education at the centre of the mission and ministry of the Diocese
- To promote and support the distinctiveness of church schools and continue to develop the quality of RE and Collective Worship
- To enable new opportunities for church schools, education chaplaincy and the Board of Education from local, regional and national education partnerships, strategies and programmes
- To identify and secure additional financial resources to maintain, support and develop the work of the Board of Education
- To develop effective succession planning for church schools and for the SDBE
- To continue to provide high quality support, advice and services to all church schools in the Diocese, and
- To develop and promote chaplaincy in schools and further and higher education

## **FUTURE PLANS (continued)**

### **Strategic Development**

Within the Board's strategic development priorities the following areas have been identified for particular focus

- School leadership and succession planning
- Developing the effectiveness and distinctiveness of all diocesan schools
- Raising the standards of RE in primary and secondary schools
- Development of primary and secondary provision
- Development of education chaplaincy, in particular for Further Education
- Guidance to support the development of Extended Services in church schools

During the latter part of 2009 the Board completed a revision of development priorities and these were approved in November for implementation in 2010

## **STATEMENT OF DIRECTORS 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 incoming resources and application of resources including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the Charities SORP,
- 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

So far as we are aware

- there is no relevant audit information of which the charitable company's auditors 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 auditors are aware of that information

## **AUDITORS**

A resolution proposing the re-appointment of Haysmacintyre as auditors to the company will be put to the annual general meeting

By order of the Board

MJ Edwards  
Trustee



48 Union Street  
London

8 July 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SOUTHWARK DIOCESAN BOARD OF EDUCATION (INCORPORATED)**

We have audited the financial statements of The Southwark Diocesan Board of Education (Incorporated) for the year ended 31 December 2009 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members as a body, in accordance with 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 auditors' 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.

**Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and section 43 of the Charities Act 1993 and report to you in accordance with those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

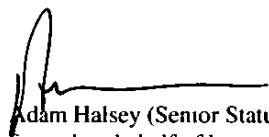
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SOUTHWARK DIOCESAN BOARD OF EDUCATION (INCORPORATED) (continued)**

**Opinion**

**In our opinion**

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993, and
- the information given in the trustees' report is consistent with the financial statements



Adam Halsey (Senior Statutory Auditor)  
for and on behalf of Haysmacintyre, Statutory Auditor

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

8 July 10

**Consolidated statement of financial activities**  
**for the year ended 31 December 2009**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2009 £	Total 2008 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Service Agreement Subscriptions		316 750	-	-	316 750	303,350
Other trading income		137 745	-	-	137,745	173,277
Investment income						
- Listed and unlisted investment income	2	50 290	119,471	3 869	173,630	321,742
- Rental and letting income	2	184 803	-	-	184,803	207,756
Sundry income		49 096	-	-	49 096	26,119
<i>Incoming resources from charitable activities</i>						
Diocesan grant		263 476	88,259	-	351 735	329,507
Other grants	2	16,214	-	-	16 214	515,190
Maintenance subscriptions		-	424 759	-	424 759	439,853
<b>Total incoming resources</b>		<b>1,018 374</b>	<b>632 489</b>	<b>3 869</b>	<b>1,654,732</b>	<b>2,316,794</b>
<b>Resources expended</b>						
<i>Costs of generating funds</i>						
Investment property costs		53 589	-	-	53 589	17,954
Investment management costs		13 372	-	-	13 372	25 274
Bank charges and interest		4 450	-	-	4 450	3,127
<i>Charitable expenditure</i>						
School project expenditure		-	1 113 166	-	1 113,166	557,759
Advice and guidance		534,983	16,259	-	551,242	526,077
Training and development		255,983	-	-	255,983	245,220
Project management		239 051	72 000	-	311 051	297 662
<i>Governance costs</i>		51,672	-	-	51,672	51 559
<b>Total resources expended</b>	3	<b>1,153 100</b>	<b>1,201 425</b>	<b>-</b>	<b>2,354 525</b>	<b>1 724,632</b>
<b>Net (outgoing)/incoming resources</b>	4	<b>(134 726)</b>	<b>(568 936)</b>	<b>3 869</b>	<b>(699 793)</b>	<b>592,162</b>
<b>Other recognised gains and losses</b>						
Realised and unrealised gains on investment assets	7(ui)	137,747	-	-	137 747	(297,919)
Transfers	11a	63 734	(63 734)	-	-	-
<b>Net movement in funds for the year</b>		<b>66 755</b>	<b>(632 670)</b>	<b>3 869</b>	<b>(562 046)</b>	<b>294 243</b>
Balances brought forward		4 562 584	4 983 970	251 547	9,798 101	9 503 858
<b>Balances carried forward at 31 December</b>	11a	<b>4 629 339</b>	<b>4 351,300</b>	<b>255,416</b>	<b>9,236 055</b>	<b>9 798,101</b>

All incoming and outgoing resources relate to continuing operations. There is no difference between the net incoming resources for the financial year as stated above and their historical cost equivalent. The notes on pages 19-28 form part of the financial statements. 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 £3 869 (2008: £14 111).

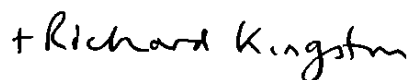
**The Southwark Diocesan Board of Education (Incorporated)**  
*Directors' report and financial statements*  
**31 December 2009**

**Consolidated Balance sheet**  
**at 31 December 2009**

**Company number 86641**

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	6	29 697	31,318
Investments	7	9 390 311	9 242 505
		<u>9 420 008</u>	<u>9 273 823</u>
<b>Current assets</b>			
Debtors	9	175,797	976,365
Cash at bank and in hand		357 317	791 160
		<u>533,114</u>	<u>1,767,526</u>
<b>Creditors, amounts falling due within one year</b>	10	(717 067)	(1,243 248)
<b>Net current(liabilities)/assets</b>		<u>(183 953)</u>	<u>524,278</u>
<b>Net assets</b>		<u>9 236 055</u>	<u>9 798,101</u>
<b>Funds</b>			
Unrestricted funds (including revaluation reserve of £1 131 585 2008 £1 013 711)		4 629 339	4,562,584
Restricted income funds		4 351 300	4,983,970
Endowment funds		255,416	251,547
	11a	<u>9 236,055</u>	<u>9,798,101</u>

The financial statements were approved and authorised for issue by the Board Trustees on 8 July 10 and were signed below on its behalf by



**The Rt Revd Dr R I Cheetham (Chair)**  
*Trustee*



**M J Edwards**  
*Trustee*

The notes on pages 19 to 28 form part of the financial statements

*The Southwark Diocesan Board of Education (Incorporated)*  
*Directors' report and financial statements*  
31 December 2009

**Charitable Company Balance sheet**  
*at 31 December 2009*

**Company number 86641**

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	6	19 000	20,000
Investments	7	9 390 312	9 242 506
		<u>9 409 312</u>	<u>9 262 506</u>
<b>Current assets</b>			
Debtors	9	203,446	1,003,518
Cash		196 319	657,599
<b>Creditors</b> amounts falling due within one year	10	(584 778)	(1 137 278)
<b>Net current (liabilities)/assets</b>		<u>(185,013)</u>	<u>523,839</u>
<b>Net assets</b>		<u>9 224,299</u>	<u>9,786,345</u>
<b>Funds</b>			
Unrestricted funds (including revaluation reserve of £1,131,585 (2008 £1 013 711))		4 617 583	4 550 828
Restricted income funds		4,351,300	4 983 970
Endowment funds		255 416	251,547
	11a	<u>9 224 299</u>	<u>9 786 345</u>

The financial statements were approved and authorised for issue by the Board Trustees on 8 July 10 and were signed below on its behalf by

+ Richard Kingston

**The Rt Revd Dr R I Cheetham (Chair)**  
*Trustee*



**M J Edwards**  
*Trustee*

The notes on pages 19 to 28 form part of the financial statements

***The Southwark Diocesan Board of Education (Incorporated)***  
*Directors' report and financial statements*  
31 December 2009

**Cash flow statement**  
***for the year ended 31 December 2009***

	Note	2009 £	2008 £
<b>Cash (outflow)/inflow from operating activities</b>	15	(412,841)	503,724
<b>Returns on investments and servicing of finance</b>			
Interest and bank charges paid		(4,450)	(3 127)
<b>Capital investment and financial investment</b>			
Purchase of tangible fixed assets		(6 494)	(2 117)
Purchase of investments		(6 265 834)	(5 893 079)
Sale of investments		6 317,663	2,961 992
Purchase of investments		(61,888)	-
Sale of investment property		-	2 487,248
<b>Net cash inflow/(outflow) from investing activities</b>		(16 553)	(445,956)
<b>(Decrease)/Increase in cash</b>	16	(433 844)	54 641

The notes on pages 19 to 28 form part of the financial statements

**Notes**  
*(Forming part of the financial statements)*

**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Board's financial statements

***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice, Accounting and reporting by Charities (revised 2009). A summary of the key accounting policies is set out below

The Board prepares its annual financial statements on the historic cost basis as adjusted for the revaluation of investments and investment properties

***Statement of financial activities***

Income and expenditure is accounted for on the following basis

■ **Income**

Income arising from investment properties is recognised on an accruals basis. Income from listed and unlisted investments includes the related tax credit and is recognised on an accruals basis.

Amounts derived from capital and maintenance project activities where the Board 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 12.

■ **Expenditure**

Direct charitable expenditure costs of generating funds and governance costs are accounted for on an accruals basis. Support costs are allocated on to above categories on an appropriate basis. More detail is given in note 3.

■ **Other recognised gains and losses**

This includes the following

***Gains and losses on investments***

Unrealised gains or losses in the year are credited or debited to unrealised gains or losses within the other recognised gains and losses section of the Statement of Financial Activities and derive from movements in market value during the year. Realised gains or losses on disposal are credited or debited to realised gains or losses within the other recognised gains and losses section of the Statement of Financial Activities.

***Pension contributions***

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

Both pension schemes constitute collective employer pension schemes under FRS17 and are therefore accounted for as if they were defined contribution schemes. Further details are set out in note 13.

**Notes (continued)**

**1 Accounting policies (continued)**

***Tangible fixed assets***

Depreciation is provided on fixed assets so as to write down their cost over their expected useful life

The following depreciation rates are used

Freehold properties	-	2% straight line
Office equipment	-	25% straight line

***Investments***

Investments are stated at market value at the balance sheet date

Freehold properties held for investment purposes were valued by Marsh and Parsons Chartered Surveyors Valuers and Estate Agents at 31 December 2009. The valuation was provided on an open market basis in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

In the course of administering a capital scheme under the Education Acts 1944 to 1973 the Board acts as trustee to the school involved, 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 Board 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 Board does not consider that it is practicable to place a value on such assets and accordingly they are not included in the financial statements.

***Subsidiary undertaking***

The Board 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 SORP a separate statement of financial activities dealing with the results of SDBE has not been presented.

***Funds***

The Board 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.

***Restricted income 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 income funds is taken directly to those funds in the Statement of Financial Activities except to the extent that income is freely available to the Board.

***Endowment***

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 Board 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 Board is responsible on behalf of school governors for the financial administration of capital projects funded by the DCSF and LA. The statutory legal agreement between the Schools and the government departments grant no decision making authority to the Board who act as administrative agents. Accordingly the funds held represent conduit funding and are therefore excluded from the Board's financial statements. See note 12.

Notes (continued)

2.	Incoming Resources				2009 £	2008 £
	Other grant income					
	Sir John Cass Foundation				-	500 000
	Other Grants				16,214	15,190
					<u>16 214</u>	<u>515,190</u>
	Investment income					
	This can be analysed as follows				2009 £	2008 £
	Listed investments				42 169	35,943
	Unlisted investments (including from shares in the funds of the Central Board of Finance of the Church of England)				131 461	285 799
	Rental and letting income				184 803	207 756
					<u>358 433</u>	<u>529,498</u>
3.	Analysis of total resources expended	Direct costs £	Other directly allocated costs £	Support costs £	Total 2009 £	Total 2008 £
	Cost of generating funds					
	Letting expenses	53,589	-	-	53 589	17 954
	Investment management costs	13,372			13,372	25 274
	Bank charges and interest	4 450	-	-	4,450	3 127
		<u>71,411</u>	<u>-</u>	<u>-</u>	<u>71 411</u>	<u>46 355</u>
	Charitable Expenditure					
	Maintenance expenditure	1 113,166	-	-	1 113,166	557 759
	Advice and guidance	-	465,289	85,953	551 242	526 077
	Training and development	-	212 280	43,703	255 983	245,220
	Project management	-	273 422	37,629	311 051	297 662
	Governance	23,353	23 962	4,357	51,672	51 559
		<u>1 207,930</u>	<u>974,953</u>	<u>171,642</u>	<u>2,254 525</u>	<u>1 724 632</u>
	Analysis of support costs	Advice and Guidance £	Training and Development £	Project Management £	Governance £	Total 2009 £
	Finance	27 259	13 860	11 934	1 382	54 435
	Administration	58 694	29 843	25 695	2 975	117 207
		<u>85,953</u>	<u>43,703</u>	<u>37,629</u>	<u>4 357</u>	<u>171,642</u>

**Notes (continued)**

<b>3. Analysis of total resources expended (continued)</b>	<b>Total 2009</b>	<b>Total 2008</b>
	<b>£</b>	<b>£</b>
<b>Analysis of governance cost</b>		
Audit fee	21,344	18,314
Other costs	30,328	33,245
	<u>51,672</u>	<u>51,559</u>
All cost allocations are made in the basis of estimated time spent by staff		
<b>4. Net incoming resources for the financial year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<i>Net incoming resources for the financial year is stated after charging</i>		
Depreciation	8,115	6,778
Auditors' remuneration (including VAT)		
- for audit work	21,344	18,314
Bank charges and interest on bank loans and overdrafts	4,450	3,127
	<u></u>	<u></u>
<b>5. Staff costs</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages and salaries	589,828	579,956
Social security costs	54,968	53,960
Pension costs	192,450	184,942
	<u>837,246</u>	<u>818,858</u>
	<b>Number</b>	<b>Number</b>
Average number of employees	<u>15</u>	<u>15</u>

Two employees' remuneration for the year fell into the category of £60,000 - £70,000 (2008: Two)  
One employee's remuneration for the year fell into the category of £70,000 - £80,000 (2008: One)  
No director of the charity received any emoluments or other benefit from the company as a result of their position

Notes (continued)

6. Tangible fixed assets	Charity and Group Freehold Land and Buildings £	Charity and Group Property Improvements £	Group Office & computer Equipment £	Group Total £
<b>Cost</b>				
1 January 2009	50,000	213,227	58,904	322,131
Additions	-	-	6,494	6,494
Disposals	-	-	(35,793)	(35,793)
At 31 December 2009	50,000	213,227	29,605	292,832
<b>Depreciation</b>				
At 1 January 2009	30,000	213,227	47,586	290,813
Charge for the year	1,000	-	7,115	8,115
Eliminated on disposal	-	-	(35,793)	(35,793)
At 31 December 2009	31,000	213,227	18,908	263,135
<b>Net book value</b>				
At 31 December 2009	19,000	-	10,697	29,697
At 31 December 2008	20,000	-	11,318	31,318

Group equipment is all used by the trading subsidiary for non-charitable purposes

7. Investments

Listed investments	Brooks MacDonald Asset Managers		Deposit Fund £	Shares held by the Central Board of finance in the Church of England		Charity and Group	
	Listed Investments £	Target Return £		Investment Fund £	Deposit Fund £	Total 2009 £	Total 2008 £
Valuation at							
1 January	731,881	1,007,976	-	26,828	4,972,611	6,739,296	4,106,128
Disposals	(279,843)	(466,012)	-	-	(5,571,808)	(6,317,663)	(2,961,992)
Additions	282,972	443,013	1,500,000	-	4,039,849	6,265,834	5,893,079
Net gains on revaluations	93,825	102,733	-	2,504	573	199,635	(297,919)
Market Value At 31 December	828,835	1,087,710	1,500,000	29,332	3,441,225	6,887,102	6,739,296
Historic cost At 31 December	768,245	744,085	1,500,000	10,644	3,440,655	6,463,629	6,495,585

**Notes (continued)**

**7. Investments (continued)**

**(u) Investment properties**

	<b>Charity and Group Freehold properties</b>	
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Valuation at 1 January	2,503,209	4,990,457
Addition in the year	61,888	-
Disposal in the year	-	(2,487,248)
Revaluation in the year	(61,888)	-
	<u>2,503,209</u>	<u>2,503,209</u>
Valuation at 31 December	2,503,209	2,503,209
Historic cost at 31 December	<u>1,795,097</u>	<u>1,733,209</u>

**(iii) Realised and Unrealised Gains/(Losses)**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
On listed investments	199,635	(297,919)
On investment properties	(61,888)	-
	<u>137,747</u>	<u>(297,919)</u>

Investment properties were revalued at 31 December 2007 by Marsh & Parsons Chartered Surveyors, Valuers and Estate Agents on an open market basis in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes (the Red Book). The directors are of the opinion that, other than the property referred to below, the value has not materially changed for those properties valued at that date which are still held.

Following the receipt of legal advice in November 2007 the Board established that it had beneficial ownership of a property which was subsequently sold in 2008.

**8 Investment in subsidiary undertaking**

The Board owns 100% of the issued ordinary share capital of a subsidiary undertaking, Southwark Diocesan Education Services Limited which is registered in England and supplies administrative services to the Board 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 Board's financial statements. Total income for the year was £503,528 (2008: £479,016), gross profit was £470,905 (2008: £437,486) and total administrative expenditure was £164,264 (2008: £151,824). The net profit after taxation was £Nil (2008: £Nil) and is after amounts payable to the board under Gift Aid of £306,641 (2008: £285,662).

**9. Debtors**

	<b>Group 2009</b>	<b>Charity 2009</b>	<b>Group 2008</b>	<b>Charity 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts falling due within one year				
Conduit debtor	-	-	301,850	301,850
Amounts due from group undertakings	-	69,533	-	71,976
Other debtors	149,856	128,793	654,335	626,476
Prepayments	25,941	5,120	20,180	3,216
	<u>175,797</u>	<u>203,446</u>	<u>976,365</u>	<u>1,003,518</u>

*The Southwark Diocesan Board of Education (Incorporated)*  
*Directors' report and financial statements*  
31 December 2009

Notes (continued)

10. Creditors	Group 2009 £	Charity 2009 £	Group 2008 £	Charity 2008 £
Amounts falling due within one year				
Conduit creditor	11 445	11,445	-	-
Trade creditors	17 635	6,776	17,312	4 735
Other creditors	562 878	553,907	1 099 962	1,091 617
Tax and social security	9 831	-	6 765	-
Accruals and deferred income	115 278	12 650	119 209	13 650
Amount due to parent charity	-	-	-	27,276
	<u>717 067</u>	<u>584,778</u>	<u>1,243,248</u>	<u>1,137,278</u>

11 a) Analysis of group net assets between funds	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Fund Balances at 31 December 2009 are represented by				
Tangible fixed assets	29 697	-	-	29,697
Investments	4,801,768	4 351,300	237 243	9,390,311
Net current liabilities	(202,126)	-	18 173	(183,953)
<b>Total Net Assets</b>	<u>4 629 339</u>	<u>4 351 300</u>	<u>255 416</u>	<u>9 236,055</u>
<b>Total</b>				
<b>Gains at 31 December 2009</b>				
On investment assets	<u>199,635</u>	<u>-</u>	<u>-</u>	<u>199,635</u>

Reconciliation of funds

	Balance at 1 January 2009 £	Incoming Resources £	Outgoing Resources £	Gains/ (losses) £	Transfers £	Balance at 31 December 2009 £
Endowed funds	251,547	3,869	-	-	-	255 416
Restricted funds						
External maintenance						
Scheme	914,382	507 747	(992 286)	-	(63 734)	366 109
CASS fund	754 256	36 483	(23,240)	-	(209 054)	558,445
Diocesan grant	11,483	88 259	(88 259)	-	-	11 483
Other restricted funds	3 303 849	-	(97 640)	-	209,054	3 415,263
General funds (including trading funds of £11 756)	<u>4 562 584</u>	<u>1 018,374</u>	<u>(1,153,100)</u>	<u>137 747</u>	<u>63 734</u>	<u>4 629,339</u>
<b>Total</b>	<u>9 798 101</u>	<u>1 654 732</u>	<u>(2,354,525)</u>	<u>137 747</u>	<u>-</u>	<u>9 236 055</u>

**Notes (continued)**

**11 a) Analysis of group net assets between funds (continued)**

**Reconciliation of funds (continued)**

Endowment funds represent a fund held under a Section 86 order and a fund set aside under a charity order to establish new schools

The External Maintenance Scheme is a scheme developed by the Board 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 restricted fund related to Diocesan grant arises from funding provided by the Diocese of Southwark to fund a specific post and chaplaincy support. The fund arises from a timing difference between the grant being received and the costs incurred. The fund is likely to be fully utilised in 2010.

The CASS fund represents grants received but not spent relating to school capital projects. In addition, it reflects a donation from the Sir John Cass Foundation of £500,000 which forms a commitment to sponsor a new academy in Southwark. During the year it was determined that certain capital expenditure relating to the purposes of the fund were accounted for within s554 funds and accordingly a transfer between funds has been made to correct the position.

Other restricted funds represent assets arising from the disposal of redundant school buildings to be deployed by the Board of Education under Section 554 of the Education Act 1996. Such funds can be deployed 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.

**12 Conduit Funds – capital projects**

	2009 £	2008 £
Incoming resources	16 496 650	10,814 404
Resources expended	<u>(16 496,650)</u>	<u>(10,814 404)</u>

As at 31 December the charity had a conduit creditor of £11,445 (2008 debtor £301,850), this represents net expenditure made in advance of receiving the conduit income. Amounts held on behalf of schools as part of the Devolved Formula Capital Scheme of the DCSF were £4.2 million (2008 £3.7 million).

**13 Pension and similar obligations**

The Group's employees belong to two principal pension schemes: the Teachers' Pension Scheme (TPA) and the Church of England Church Workers Pension Fund (CECWPF), which are of the defined benefit type. The assets of the schemes being held in separate trustee administered funds. Both the TPA and CECWPF 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 17 Retirement Benefits.

The total pension cost was £192,450 (2008 £184,942). Creditors falling due within one year include £10,072 (2008 £9,961) in respect of employer's contributions.

**TPA**

The TPA is an unfunded scheme. Contributions on a 'pay as you go' basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

The pension cost is assessed every five years in accordance with the advice of the government actuary using a prospective benefits valuation method. The latest actuarial valuation of the scheme was as at 31 March 1991. The cost of pensions increases is currently excluded from the valuation and neither employees nor employer contribute to this added value to the employee which is met directly by the exchequer.

The scheme has been invested notionally in government securities. A gross rate of interest of 8.5% per annum has been assumed as the return on the investment.

The rate of increase in salaries has been assumed to be 6.5% per annum.

**Notes (continued)**

**13 Pension and similar obligations (continued)**

The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £48.192 million. This represented 97.5% (a deficiency of £1.252 million) of the scheme's liabilities. The government actuary concluded that the deficiency would require supplementary contributions by employers at the rate of 0.5% per annum from 1 April 1999.

The standard contribution from 1 April 2007 has been set at 19.75% of salaries, with a supplementary contribution rate of 0.75% making 20.5% overall. Of this contribution 6.4% is paid by the employees. Employer's contributions are thus 14.1% of salaries.

**Church of England Church Workers Pension Fund**

The Board participates in the Defined Benefits Scheme Section of the Church Workers Pension Fund (the Fund), a pension scheme administered by the Church of England Pensions Board to provide benefits based on final pensionable salaries. The assets of the Fund are held separately from those of the Employer.

There was a valuation of the fund as at 31 December 2004 and from 1 January 2009 the contribution rate was increased from 24.27% to 31.14%.

**14 Related party transactions**

The Board is a company limited by guarantee. The results and balance sheet of Southwark Diocesan Education Services Limited (SDES) are consolidated into these accounts. The Board has taken advantage of the exemptions in FRS 8 - Related Party Disclosures and has not reported transactions between it and SDES.

**Notes (continued)**

<b>15. Reconciliation of income and expenditure to net cash outflow from operating activities</b>			<b>2009 £</b>	<b>2008 £</b>
Net (outgoing)/incoming resources before transfers			(699 793)	592,162
Interest payable			4,450	3,127
Depreciation of tangible fixed assets			8,115	6,778
Decrease/(Increase) in debtors			800,568	(234,407)
(Decrease)/Increase in creditors			(526 181)	136,064
Net cash (outflow)/inflow from operating activities			<u>(412,841)</u>	<u>503,724</u>
<b>16 Analysis of changes in net debt</b>	<b>At 1 January 2009 £</b>	<b>Cash Flow £</b>	<b>Other Non-Cash Changes £</b>	<b>At 31 December 2009 £</b>
Cash at bank and in hand	791,161	(433 844)	-	357,317
	<u>791,161</u>	<u>(433,844)</u>	<u>-</u>	<u>357,317</u>
<b>17 Reconciliation of net cash flow to movement in net debt</b>			<b>2009 £</b>	<b>2008 £</b>
(Decrease)/increase in cash			(433 844)	54,641
Repayment of loans			-	-
Change in net debt from cash flows			<u>(433,844)</u>	<u>54,641</u>
Net funds at 1 January 2009			791,161	736,520
Net funds at 31 December 2009			<u>357,317</u>	<u>791,161</u>
<b>18 Members</b>				

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

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***The Southwark Diocesan Board of Education (Incorporated)***  
***Directors' report and financial statements***  
***31 December 2009***