

**Southwark Diocesan Board
of Education Incorporated**

**Annual Report and Financial
Statements**

31 December 2019

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

Charity Registration Number
313001



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Reference and administrative information Year to 31 December 2019

Trustees	The Rt Revd Christopher Chessun (President) The Rt Revd Jonathan Clark (Chair) The Revd Susan Lynn Billin (appointed 1 January 2019) Mr Martin Brecknell Mrs Elizabeth Broad (appointed 1 March 2019) The Revd Canon Stephen Coulson Mrs Pam Davies Mr John Dewhurst (appointed 1 May 2019) Mrs Virginia Eaton Mr Malcolm Edwards CBE The Revd Dr Mark Garner Mrs Riana Gouws Mrs Emma Hart Dyke (resigned 31 December 2019) The Revd Ariadne van den Hof (appointed 15 April 2019) The Revd Annie Kurk Mr Robert Love MBE Miss Maria McBean Esther Moorey (appointed 1 January 2019) The Revd Dr Sharon Moughtin-Mumby Mr Ekundayo Olomu The Revd Peter Organ Dr Nicholas Shepherd Mrs Penny Smith-Orr The Ven Dr Jane Steen Dr Catharina Stibe Hickson Mrs Alison Venn The Revd Andrew Williams The Revd Erica Wooff
Senior leadership team	Mr Colin Powell (Director of Education) Mr Marcus Cooper (Director's Assistant) Mrs Roz Cordner (Director's Assistant)
Company secretary	Mr Colin Powell
Registered office	48 Union Street London SE1 1TD
Charity registration number	313001
Company registration number	00086641
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information Year to 31 December 2019

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

Trustees' report Year to 31 December 2019

The Trustees (who are also the Directors of the charitable company for Companies Act purposes) have pleasure in presenting their Annual Report and the audited Financial Statements for the year ended 31 December 2019.

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

The Trustees are proud of the achievements that have taken place in 2019 and would like to thank all the staff, volunteers, supporters, schools and governors who have made these possible.

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

Vision, mission and aims

Developing Church of England education

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

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

Our vision

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

Vision, mission and aims (continued)

Developing Church of England education (continued)

Key areas

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

Church School effectiveness

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

Development of chaplaincy in schools and colleges

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

Development and growth

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

Vision, mission and aims (continued)

Developing Church of England education (continued)

The SDBE provides support to the following:

- ◆ 92 Primary schools;
- ◆ 14 Secondary schools – including 2 all-through schools;
- ◆ 37,000 children and young people who attend C of E schools in the Diocese of Southwark; and
- ◆ 7 Higher and 5 Further Education institutions through its role in Chaplaincy.

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

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

Achievements and performance for 2019

2019 was another busy and successful year for the SDBE. The highlights listed below demonstrate how the SDBE is fulfilling its aims. Key strategic areas identified for 2019 were:

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

Growing and appointing the best leaders for our schools is key to our success. Our schools perform well above National averages on a range of indicators. Inspection framework reviews (OFSTED and SIAMS) challenge all schools to meet new, demanding criteria which has resulted in some schools retaining, or indeed dropping a grade at inspection. Chaplaincy goes from strength to strength and plays a significant role in our educational settings. Board staff have continued to develop and produce quality advice and support materials for schools to meet the ever changing education landscape.

During 2019 the following Performance Indicators were reported to Board members on a regular basis:

- ◆ % of schools graded 'good or better' by OFSTED;
- ◆ % of schools graded 'good or better' by SIAMS;
- ◆ % of schools graded 'excellent' by SIAMS;
- ◆ Number of schools in a category;
- ◆ Number of headship vacancies;
- ◆ Number of Diocesan foundation governor vacancies;
- ◆ Number of schools engaged in development programmes.

Key activities and outcomes for the year:

- ◆ 9 new headteachers took up post during the year;
- ◆ There were 20 OFSTED inspections;
- ◆ 4 primary schools went from 'Requires Improvement' to 'Good' (OFSTED);
- ◆ 31% of schools were graded 'Outstanding' against a national average of 20%;
- ◆ 93% of all schools were graded 'Good or better' by OFSTED against a national average of 86%;
- ◆ 100% of schools graded 'Good or better' by SIAMS;

Trustees' report Year to 31 December 2019

Achievements and performance for 2019 (continued)

- ◆ 68% of schools graded 'Excellent' by SIAMS;
- ◆ 100% of schools graded 'Good or better' for RE by SIAMS;
- ◆ 68% of schools graded 'Excellent' for RE by SIAMS;
- ◆ The average Progress 8 score for diocesan secondary schools was +0.28, this was up from +0.16 in 2018;
- ◆ The diocesan average of the proportion of students achieving 5 or above in English and Mathematics was 50% compared to the national average of 43%;
- ◆ The diocesan average of the proportion of students achieving 4 or above in English and Mathematics was 69% compared to the national average of 64%;
- ◆ Attainment 8 overall was significantly above the national average at 5.2 compared to the national average of 4.6;
- ◆ In combined reading, writing and mathematics (RWM) the percentage of SDBE pupils achieving at the expected level or above in 2019 was 73% which was an increase of 2ppts from the previous year. This is significantly (+8ppts) above the provisional 2019 national figure of 65%;
- ◆ In 2019 15% of SDBE pupils attained the higher standard in combined reading, writing and mathematics compared to 11% nationally;
- ◆ In 2019 81% of pupils achieved at the expected standard or above in reading compared to 73% nationally;
- ◆ In 2019 35% of SDBE pupils achieved at the higher standard. This was +8ppts above the national figure of 27%;
- ◆ In 2019 84% of SDBE pupils achieved at the expected standard or above in writing compared to 78% nationally;
- ◆ In 2019 84% of SDBE pupils achieved at the expected standard or above in mathematics compared to 79% nationally;
- ◆ 43 schools undertook significant building works (not including expansions/bulges);
- ◆ 4 school expansion initiatives were undertaken;
- ◆ The forum for 'Outstanding' schools was continued;
- ◆ The Annual Head/ Deputies conference held at Canterbury was attended by 120 delegates;
- ◆ The number of Diocesan foundation governor vacancies was 18;
- ◆ 6 schools completed the Bishop's Certificate in Church School Governance;

Achievements and performance for 2019 (continued)

- ◆ The Further Education framework was embedded;
- ◆ Our property rental portfolio was reviewed further to achieve a better income;
- ◆ 4 new members joined our staff team; and
- ◆ The SDBE Multi-Academy Trust expanded to include 10 schools.

Future plans

It should be noted here that the points below have been modified in the light of the worldwide pandemic Covid19 which has ensued in the months following the Board's year end date. Since then, governments around the world have struggled to contain the virus and keep public health systems working, Lockdowns of most countries' populations have ensued, leaving millions unemployed or furloughed from work. Financial help has been made available to companies and individuals in the UK by the government and it has been possible to continue to provide the services of the Board of Education to our schools (with some limited exceptions, such as face to face training).

In order to continue to deliver a high quality service and to continue to achieve our aims, the following areas will therefore be explored during 2020:

- ◆ Review the implementation of the 2019-2021 Organisation Development Plan within the context of the pandemic;
- ◆ To suspend the receiving of further schools into the Diocesan Multi-Academy Trust until Diocesan and Educational life has returned to normal ;
- ◆ To develop work streams built on the expertise of new team members;
- ◆ To monitor carefully the income from our property portfolio within the context of the economic situation brought about by the coronavirus;
- ◆ To implement the Growth and Sustainability plan insofar as possible within the current circumstances;
- ◆ To consider a further range of additional 'bought-back' /commissioned services for our schools;
- ◆ To further embed the Chaplaincy frameworks in the various institutions;
- ◆ To continue to monitor the implementation of the new SIAMS Evaluation Schedule;
- ◆ To finalise guidance on dealing with traumatic situations; and
- ◆ To finalise guidance on Relationships and Sex Education.

Trustees' report Year to 31 December 2019

Public benefit

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

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

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

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

Trustees' report Year to 31 December 2019

Trustee membership

TRUSTEES:

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

The Rt Revd Christopher Chessun
The Rt Revd Jonathan Clark

Members appointed by the Bishop

Mr Martin Brecknell
The Ven Dr Jane Steen
The Revd Canon Stephen Coulson

CROYDON EPISCOPAL AREA

Croydon Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

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

Reigate Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

Dr Catharina Stibe Hickson
Revd Capt. Jeremy Garton (appointed 30
January 2020)
Mrs Virginia Eaton

KINGSTON EPISCOPAL AREA

Lambeth Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

Mrs Esther Moorey
The Revd Erica Wooff
Miss Maria McBean

Wandsworth Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

Mr John Dewhurst
The Revd Annie Kurk
Mrs Pam Davies

WOOLWICH EPISCOPAL AREA

Lewisham & Greenwich Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

Mr Robert Love MBE
The Revd Ariadne van den Hof
Dr Nicholas Shepherd

Southwark Archdeaconry

Member of Diocesan Synod

Clerk in Holy Orders

Lay Member

Vacancy
The Revd Dr Sharon Moughtin-Mumby
Mrs Alison Venn

Chair of the Southwark Diocesan Head

Ms Julia Corby (appointed 1 January 2020)

Teachers Association

The Head of Whiteland's College

The Revd Dr Mark Garner

Chairs of Committees

Policy & Strategy Committee

Schools Committee

Finance & Development Committee

Further & Higher Education Committee

The Rt Revd Jonathan Clark
The Ven Dr Jane Steen
Mr Malcolm Edwards CBE
The Revd Andrew Williams

Co-opted Members

Mr Malcolm Edwards
The Revd Peter Organ
Mrs Riana Gouws

Members Elected from FE/HE Committee

The Revd Andrew Williams

Audit Committee (non-Trustee) appointed by the Board

Ms Sarah Ironmonger
Revd Annie Kurk
Revd Derek Holbird
Mr Eugene O'Keeffe

Trustees' report Year to 31 December 2019

Members and members' interests

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

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

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

Structure, governance and management

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

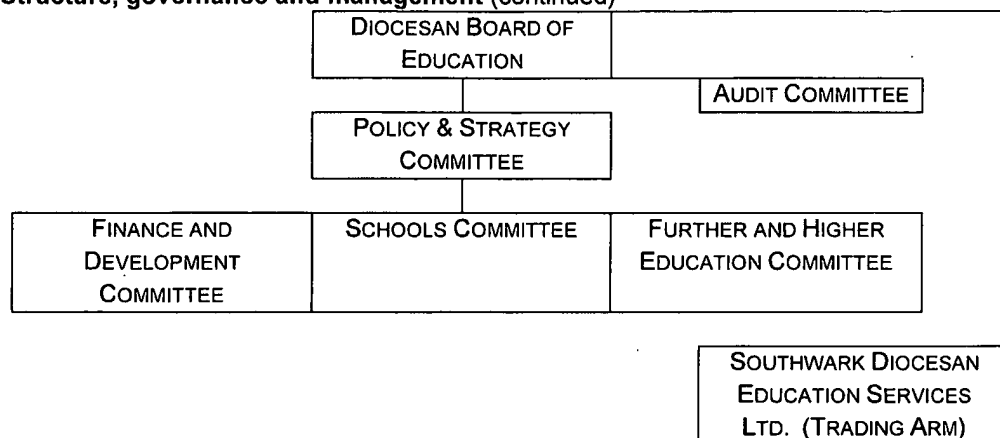
The Board has a membership representing a wide range of experience and interest, including representatives from the Diocese of Southwark, the Southwark Diocesan Head Teachers' Association, Roehampton University and appointees from each of the Board's Committees as well as the Chairs of the Committees.

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

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

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

Structure, governance and management (continued)



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

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

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

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

The staffing structure and team for the reporting year comprises:

Director	Mr Colin Powell
Director's Assistant	Mr Marcus Cooper Mrs Roz Cordner
6 Educational Advisers (4.6 FTE)	Mrs Roz Cordner Mr Marcus Cooper Mr Craig Morrison (to August 2019) Mr Shaun Burns Miss Fiona Foreman Dr Rachael Norman (from September 2019)

Trustees' report Year to 31 December 2019

Structure, governance and management (continued)

Chaplaincy Development Officer (0.46 FTE)	Ms Siriol Davies
Buildings and Capital Programmes Manager (0.5 FTE)	Mr Paul Forrest Mrs Sally Chapman (from September 2019)
Human Resources Adviser (0.5 FTE)	Mrs Atia Williams
Governance, Admissions and Development Adviser	Mr Leo Morrell
Financial Controller	Mr David Coyle
Office Manager	Mrs Sheila Talbott (to August 2019) Mrs Sarah Bogati (from July 2019)
2 Administrators	Mrs Cheryl Kuit (to November 2019) Mrs Alison Kemp
Caretaker (0.2 FTE)	Mr Gyorgy Szabo

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

Key management personnel

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

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; and
- ◆ Culham St Gabriel's Trust.

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

Risk and internal controls

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

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

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

Risk management

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

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

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

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

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

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

Risk management (continued)

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

Investment policy and performance

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

Two of the Board's three investment portfolios outperformed their respective benchmarks over the year, with the low to medium risk portfolio lagging the benchmark by 0.05%

Low Risk Portfolio	+9.25%
WMA Income/Base Rates	+7.78% (benchmark)
Low to Medium Risk Portfolio	+11.96%
WMA Income	+12.01% (benchmark)
Medium to High Risk Portfolio	+18.31%
WMA Growth	+14.92% (benchmark)

In contrast to the final quarter of 2018, risk assets delivered strong returns in the final quarter of 2019, topping off a positive year for investors. Investor sentiment was supported by a confluence of tailwinds, but for UK investors the main news was the Conservative Party winning a sizable majority in December's snap General Election. This has provided clarity in the domestic political backdrop, removing gridlock that has hindered progress since 2016's Brexit referendum, and paving the way for the UK to leave the EU by 31 January. These developments drove strong end-of-year gains for UK equities and sterling, although the latter tempered the returns enjoyed by UK investors from overseas assets. We note that sterling retraced some of its post-election gains later in December once the Withdrawal Agreement was amended to ensure that the 31 December 2020 transition period deadline cannot be extended; this ensures that the UK still faces the risk of a 'hard' Brexit at the end of this year.

Although yet to be formally signed, news that the US and China had agreed a 'phase one' trade deal was another major geopolitical development. This means a reduction in protectionist policies between the two countries and, encouragingly, they are already working towards a 'phase two' deal. The news should help support manufacturing sentiment and could possibly catalyse a bounce back in global manufacturing activity in early 2020. The effect on markets was clear, with the Chinese renminbi dropping back below the key psychological exchange rate of seven per US dollar and both emerging market and Asia ex-Japan equities among the strongest performers.

Investment policy and performance (continued)

Earlier in the year, we believed a mid-cycle correction was possible as the market expected more monetary policy stimulus than the Federal Reserve (Fed) had provided guidance for. However, an improvement in global growth expectations and more supportive policymaker rhetoric seems to have reduced this risk. The world's major central banks have pledged to continue to provide stimulus to support growth as long as inflation remains subdued, with the Fed also acting to provide liquidity in the interbank lending market, dispelling one of the key threats we had identified earlier in the year.

In sterling terms, US equities were the strongest performing asset class within our sample over the year as a whole. This reflects both the monetary policy and geopolitical backdrops, as well as the continued strength of the US economy. Europe and Japan's relatively weaker performance reflects the fact that their economies have showed less dynamism and that their policymakers appear less able to support growth through stimulus, albeit there were some positive signs in this respect over the quarter.

Sovereign bond markets generally lost ground in the fourth quarter as improved economic sentiment put upward pressure on yields. Corporate bonds generally provided positive returns, benefitting from improved economic and corporate earnings growth expectations for 2020, although they lagged equity markets. Nevertheless, we are cognisant that some lower-quality areas of corporate bond markets have come under pressure in the latter half of 2019 and this is an area we will be monitoring for signs of contagion into broader fixed income markets throughout 2020.

Since the year end, world stock markets have become volatile and fallen as a response to the COVID-19 pandemic. Please see note 11 to the financial statements for further details and the latest available valuation of the portfolio.

Financial review

Finance and resources

The SDBE is established as a statutory body to fulfil a range of duties and responsibilities. Total income of £2,774,753 (2018: £2,619,313) during the year was derived from the following sources:

- ◆ Schools (Service agreements and related income): £463,823 – 17% (2018: £444,849 – 17%)
- ◆ Maintenance scheme subscriptions: £557,521 – 20% (2018: £548,207 – 21%)
- ◆ Diocesan Grants: £356,391 – 13% (2018: £287,120 – 11%)
- ◆ Lettings and Investments: £785,438 – 28% (2018: £644,139 – 25%)
- ◆ Donated investment properties: £360,000 – 13% (2018: £450,000 – 17%)
- ◆ Other income: £251,580 – 9% (2018: £244,998 – 9%)

Financial review (continued)

Finance and resources (continued)

For the discharge of its day to day outgoings, (as distinct from its work connected with building works at the schools), the charity depends on the grant received from the Diocese of Southwark, which amounted to a total grant of £356,391 (2018: £287,120) for the year, comprising £331,188 (2018: £252,144) core grant, and £25,203 (2018: £34,976) additional grant allocation.

The charity's operational activities are represented by its unrestricted general fund. The operational income of the charity exceeded its operational expenditure, resulting in a surplus of £131,108 (2018: £106,129) before taking into account net gains on listed investments of £349,854 (2018: net losses of £137,795) 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 (2018: £60,000), a transfer to the property fund representing additions to investment properties and tangible fixed assets of £72,386 (2018: £310,563) and net other transfers into the fund totalling £479 (2018: £1,125). This gives, read together with realised and unrealised gains on the value of investments of £349,854 (2018: losses of £137,795), a net increase in the unrestricted (operational) funds of the charity for the year of £469,055 (2018: decrease of £281,104).

Overall, there was a net increase in total funds of £607,745 (2018: net increase of £2,261,057), after also accounting for a decrease in restricted funds of £37,270 (2018: decrease of £90,507), an increase in the property fund of £167,960 (2018: increase of £2,624,668) and an increase of £8,000 in the value of endowment funds (2018: £8,000).

Southwark Diocesan Education Services Limited

The charity operates a wholly owned subsidiary company, Southwark Diocesan Education Services Limited. This company carries out a number of the charity's activities including the provision of services for schools in the Diocese of Southwark and the provision of administrative services for the charity. Its turnover for the year was £631,279 (2018: £626,929) and the company made an operating profit of £nil (2018: £nil) after making a donation of £345,415 by Gift Aid to the parent charity (2018: £389,551).

Finance review (continued)

Reserves policy

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

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

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

Its main features are:

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

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

The current free reserves of the charity are £3.257m (2018 – £2.788m). The charity's policy implies a minimum level of reserves of £3.3m (including £1.7m in cash) (2018 – £2.9m (including £1.4m in cash)). Cash reserves are defined as: unrestricted funds held on deposit with the Central Board of Finance, cash balances held by the Investment Managers, and operational balances in the Board's unrestricted bank accounts. While overall, reserves are sufficient to meet operational requirements, the cash element £699k (2018:£530k) is below the desired level.

COVID-19 Pandemic – While government aid has been forthcoming, the Board's investment managers have recently advised of a material fall in the value of the Board's market investments (c14% on average at the time of writing). Additionally, some tenants of rental properties have informed the management that they are struggling to pay rents when due. The Trustees therefore have to consider the impact of either receiving some investment income (a) in arrears or (b) not at all. Financial modelling has been carried out with the most recently available information, and case scenarios include potential write offs of dividend income of up to 50% and rental income of up to 30%.

Accordingly, the Trustees intend to set aside further funds in the coming five years with a view to bringing free cash reserves to the desired level.

Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Statement of Trustees' responsibilities (continued)

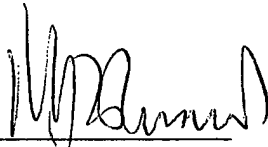
Each of the Trustees confirms that:

- ◆ 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.

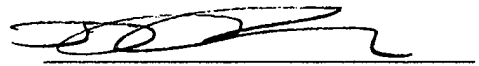
This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

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:



Mr Malcolm Edwards
Trustee



Right Revd Jonathan Clark (Chair)
Bishop of Croydon
Trustee

Date: 2nd July 2020

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

Opinion

We have audited the financial statements of Southwark Diocesan Board of Education Limited (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, statement of consolidated cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 December 2019 and of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – effects of COVID-19

We draw attention to the accounting policies and Note 21 which describe the economic and social disruption the charity is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

- ♦ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- ♦ adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ♦ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ♦ certain disclosures of Trustees' remuneration specified by law are not made;
- ♦ we have not received all the information and explanations we require for our audit; or

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

- ♦ the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' report and 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 charitable parent 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.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

4 August 2020

Consolidated statement of financial activities incorporating an income and expenditure account
Year to 31 December 2019

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

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.

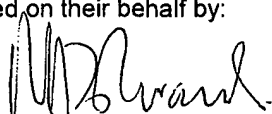
Comparative information by fund class for the year ended 31 December 2018 is given in note 22.


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 £9,628 (2018: £9,125).

Balance sheets 31 December 2019

	Notes	Group 2019 £	Charity 2019 £	Group 2018 £	Charity 2018 £
Fixed assets					
Tangible assets	10	1,784,563	1,783,009	1,976,603	1,975,650
Investments	11	19,455,838	19,455,839	18,803,520	18,803,520
		<u>21,240,401</u>	<u>21,238,848</u>	<u>20,780,123</u>	<u>20,779,170</u>
Current assets					
Debtors	13	115,830	59,238	184,550	151,088
Cash at bank and in hand		<u>554,721</u>	<u>488,222</u>	<u>501,617</u>	<u>463,927</u>
		<u>670,551</u>	<u>547,460</u>	<u>686,167</u>	<u>615,015</u>
Creditors: amounts falling due within one year	14	<u>(479,895)</u>	<u>(367,004)</u>	<u>(594,978)</u>	<u>(534,626)</u>
Net current assets		<u>190,656</u>	<u>180,456</u>	<u>91,189</u>	<u>80,389</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>(1,118,000)</u>	<u>(1,118,000)</u>	<u>(1,166,000)</u>	<u>(1,166,000)</u>
Net assets		<u>20,463,057</u>	<u>20,451,304</u>	<u>19,855,312</u>	<u>19,843,559</u>
The funds of the charity	15				
Unrestricted funds					
. General funds		3,257,421	3,245,668	2,788,366	2,776,613
. Property funds		14,894,563	14,894,563	14,726,603	14,726,603
Restricted funds		2,042,225	2,042,225	2,079,495	2,079,495
Endowment funds		<u>268,848</u>	<u>268,848</u>	<u>260,848</u>	<u>260,848</u>
		<u>20,463,057</u>	<u>20,451,304</u>	<u>19,855,312</u>	<u>19,843,559</u>

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


 Mr Malcolm Edwards
 Trustee


 Right Revd Jonathan Clark (Chair)
 Bishop of Croydon
 Trustee

Date: 2nd July 2020

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

The notes on pages 33 to 48 form part of the financial statements.

Consolidated statement of cash flows Year to 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(709,903)	(707,034)
Cash flows from investing activities:			
Dividends, interest and rents from investments		785,438	644,139
Purchase of tangible fixed assets		(1,225)	(312,312)
Proceeds from the disposal of listed investments		1,162,580	398,168
Purchase of listed investments		(1,031,685)	(308,240)
Additions to investment properties		(71,785)	—
Net cash provided by investing activities		843,323	421,755
Change in cash and cash equivalents in the year		133,420	(285,279)
Cash and cash equivalents at 1 January 2019	B	2,144,088	2,429,367
Cash and cash equivalents at 31 December 2019	B	2,277,508	2,144,088

Notes to the cash flow statement for the year to 31 December 2019:

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

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	607,745	2,261,057
Adjustments for:		
Depreciation charge	193,265	192,685
Donated assets	(360,000)	(450,000)
(Gains) losses on listed investments	(349,854)	137,795
Losses (gains) on investment properties	71,785	(2,055,042)
Dividends, interest and rents from investments	(785,438)	(644,139)
Amortisation of lease premium	(8,000)	(8,000)
(Decrease) increase in creditors	(148,126)	43,140
Decrease (increase) in debtors	68,720	(184,530)
Net cash used in operating activities	(709,903)	(707,034)

B Analysis of changes in net debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	501,617	53,104	554,721
Bank overdraft facility	(60,800)	6,956	(53,844)
Cash held by investment managers	1,703,271	73,360	1,776,631
	2,144,088	133,420	2,277,508

Principal accounting policies Year to 31 December 2019

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 2019.

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) issued on 16 July 2014, 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; and
- ♦ determining the value of the investment properties.

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.

The Trustees of the charity have concluded that there are some potential uncertainties related to events or conditions that, if fully realised, might cast doubt on the long-term ability of the charity to continue as a going concern. These relate to the tenants residing in Board owned investment properties, who may find themselves unable to meet rent payments when they fall due, because of the situation with the COVID-19 pandemic. Additionally, the inability of some of the Board's schools to make online payments may cause temporary cashflow bottlenecks in the trading subsidiary.

Principal accounting policies Year to 31 December 2019

Assessment of going concern (continued)

Further, the Board's market investments have fallen in value by an average of 14% since the balance sheet date, and the Trustees may have to contemplate reduced dividend income. Extensive financial modelling has been carried out to cover different scenarios, and while (in a worst case scenario) the Board may not be in operational surplus at the end of the coming year, the Trustees are nevertheless of the opinion that the charity has restored sufficient reserves after several years of operational surpluses 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 2020, 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 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.

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.

Principal accounting policies Year to 31 December 2019

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

Income (continued)

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

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

Expenditure recognition

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

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

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

Allocation of support and governance costs

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

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned using percentages based on the time spent on the activities by the employees of the charity.

Principal accounting policies Year to 31 December 2019

Tangible fixed assets

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

The following depreciation rates are used:

Tangible fixed assets (continued)

Freehold properties	–	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.

Investments, including investment properties are valued at fair value at the balance sheet date, with unrealised gains and losses posted through the Statement of Financial Activities.

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.

In the course of administering a capital scheme under the Education Acts 1944 to 1973, the charity 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 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.

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.

Principal accounting policies Year to 31 December 2019

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Subsidiary undertaking

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

Funds

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

Unrestricted funds

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

Designated funds

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

Principal accounting policies Year to 31 December 2019

Restricted funds

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

Endowment funds

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

Funds (continued)

Custodian Trusts

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

Conduit Funds – capital projects

The charity is responsible on behalf of school governors for the financial administration of capital projects funded by the Department for Education (DFE) and Local Authorities. The statutory legal agreement between the schools and the government departments grant no decision making authority to the charity which acts as administrative agent. Accordingly the funds held represent conduit funding and are therefore excluded from the charity's financial statements. Details of these funds are set out in note 16.

Pension contributions

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

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

Notes to the financial statements Year to 31 December 2019

1 Grants and donations

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

	Unrestricted funds		Restricted funds	Endowment funds	2018
	General funds	Property funds			
	£	£	£	£	£
Diocesan grant	252,144	—	34,976	—	287,120
Donated assets (note 11b)	—	450,000	—	—	450,000
Other grants	9,670	—	5,625	—	15,295
2018 Total funds	261,814	450,000	40,601	—	752,415

2 Charitable activities

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

	Unrestricted funds		Restricted funds	Endowment funds	2018
	General funds	Property funds			
	£	£	£	£	£
Maintenance subscriptions	—	—	548,207	—	548,207
Other educational income	—	—	—	—	—
Advisory and consultancy fees	59,476	—	—	—	59,476
Bishop's certificate in church school governance	5,280	—	—	—	5,280
Other sundry income	17,247	—	—	—	17,247
2018 Total funds	82,003	—	548,207	—	630,210

Notes to the financial statements Year to 31 December 2019

3 Other trading activities

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

	Unrestricted funds		Restricted funds	Endowment funds	2018
	General funds	Property funds			
	£	£	£	£	£
Service Agreement Subscriptions	444,849	—	—	—	444,849
Management fees	—	—	—	—	—
. Capital projects	14,642	—	—	—	14,642
. Maintenance projects	72,040	—	—	—	72,040
Training events	2,970	—	—	—	2,970
Additional advisor support	27,003	—	—	—	27,003
Sundry trading income	31,045	—	—	—	31,045
2018 Total funds	592,549	—	—	—	592,549

4 Income from investments

	Unrestricted funds		Restricted funds	Endowment funds	2019
	General funds	Property funds			
	£	£	£	£	£
Listed and unlisted investments	76,880	—	32,377	9,628	118,885
Rental and lettings income	666,553	—	—	—	666,553
2019 Total funds	743,433	—	32,377	9,628	785,438

	Unrestricted funds		Restricted funds	Endowment funds	2018
	General funds	Property funds			
	£	£	£	£	£
Listed and unlisted investments	74,171	—	5,225	9,125	88,521
Rental and lettings income	555,618	—	—	—	555,618
2018 Total funds	629,789	—	5,225	9,125	644,139

5 Expenditure on raising funds

	Unrestricted funds		Restricted funds £	Endowment funds £	2019 £
	General funds £	Property funds £			
Lettings expenses	157,521	—	—	—	157,521
Investment management fees	27,167	—	—	—	27,167
Bank charges	7,665	—	—	—	7,665
2019 Total funds	192,353	—	—	—	192,353

	Unrestricted funds		Restricted funds £	Endowment funds £	2018 £
	General funds £	Property funds £			
Lettings expenses	85,138	—	—	—	85,138
Investment management fees	26,580	—	—	—	26,580
Bank charges	7,652	—	—	—	7,652
2018 Total funds	119,370	—	—	—	119,370

6 Expenditure on charitable activities

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

	Unrestricted funds		Restricted funds £	Endowment funds £	2018 £
	General funds £	Property funds £			
School maintenance expenditure	—	—	443,476	—	443,476
Advice and guidance	792,791	112,987	25,003	—	930,781
Training and development	336,774	47,939	11,466	—	396,179
Project management	211,091	30,011	144,595	—	385,697
2018 Total funds	1,340,656	190,937	624,540	—	2,156,133

Notes to the financial statements Year to 31 December 2019

7 Analysis of total expenditure

	Direct costs £	Other directly allocated costs £	Support costs £	2019 £
Raising funds (note 5)	192,026	327	—	192,353
Charitable activities (note 6)				
· School maintenance expenditure	536,875	—	—	536,875
· Advice and guidance	467,702	460,132	116,133	1,043,967
· Training and development	175,078	163,010	37,215	375,303
· Project management	36,551	133,437	126,591	296,579
	1,408,232	766,906	279,939	2,445,077
	Direct costs £	Other directly allocated costs £	Support costs £	2018 £
Raising funds (note 5)	119,169	201	—	119,370
Charitable activities (note 6)				
· School maintenance expenditure	443,476	—	—	443,476
· Advice and guidance	455,825	372,563	102,393	930,781
· Training and development	202,065	158,932	35,182	396,179
· Project management	34,500	236,912	114,285	385,697
	1,255,035	768,608	251,860	2,275,503

Analysis of support costs is as follows:

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

Expenditure on charitable activities				
	Advice and guidance £	Training and development £	Project management £	Total 2018 £
Finance and HR	40,072	3,615	47,002	90,689
Administration	27,543	16,408	57,531	101,482
Governance	34,778	15,159	9,752	59,689
2018 Total funds	102,393	35,182	114,285	251,860

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

Notes to the financial statements Year to 31 December 2019

8 Net movement in funds

Net movement in funds is stated after charging:

	2019 £	2018 £
Staff costs (note 9)	1,086,325	1,020,621
Depreciation (note 10)	193,265	192,685
Auditor's remuneration (including VAT)		
. Audit work	24,003	23,265
. Other services	12,320	9,205
. Prior year	917	5,340
Bank charges and interest on bank loans and overdrafts	7,665	7,652

9 Employee and key management personnel remuneration

(a) Staff costs

	2019 £	2018 £
Wages and salaries	715,268	718,620
Social security costs	79,454	81,135
Pension costs	161,648	154,079
	956,370	953,834
Ex-gratia payment	19,000	—
Consultancy costs	110,955	66,787
	1,086,325	1,020,621

(b) Staff numbers

The number of employees during the year, calculated on an average headcount basis, was 17 (2018: 16).

(c) Higher paid staff

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

	2019 number	2018 number
£70,001 – £80,000	1	4
£80,001 – £90,000	1	—
£90,001 – £100,000	—	1
£100,001 – £110,000	1	—

One of the above higher paid employees belong to the Teachers' Pension Scheme and one belongs to the Church Workers Pension Scheme. Aggregate employer pension contributions for the above employees during the year amounted to £62,182 (2018: £63,820). Details of the relevant defined benefit pension schemes are given in note 17.

(d) Key management personnel

Key management personnel comprise the Trustees together with the Director of Education, Assistant Directors, Financial Controller, Building and Capital Programmes Manager and the Office Manager.

9 Employee and key management personnel remuneration (continued)

(d) Key management personnel (continued)

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

	2019 £	2018 £
Remuneration, including employer's National Insurance contributions	306,401	308,034
Pension contributions	66,619	64,493
	373,020	372,527

The above figures do not include the value of staff time rechargeable to SDBE Multi-Academy Trust (note 19). None of the Trustees received any remuneration or reimbursed expenses in respect of their services during the year (2018: none).

10 Tangible fixed assets

	Freehold land and buildings £	Property improve- ments £	Charity total £	Group office and computer equipment £	Group total £
Cost					
At 1 January 2019	2,864,050	67,012	2,931,062	42,252	2,973,314
Additions	—	—	—	1,225	1,225
Disposals	—	—	—	(20,996)	(20,996)
At 31 December 2019	2,864,050	67,012	2,931,062	22,481	2,953,543
Depreciation					
At 1 January 2019	953,956	1,456	955,412	41,299	996,711
Disposals	—	—	—	(20,996)	(20,996)
Charge for the year	191,301	1,340	192,641	624	193,265
At 31 December 2019	1,145,257	2,796	1,148,053	20,927	1,168,980
Net book value					
At 31 December 2019	1,718,793	64,216	1,783,009	1,554	1,784,563
At 31 December 2018	1,910,094	65,556	1,975,650	953	1,976,603

11 Investments

Group and charity		2019 £	2018 £
Listed investments	(a)	5,345,838	5,053,520
Investment properties	(b)	14,110,000	13,750,000
		19,455,838	18,803,520

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).

11 Investments (continued)

(a) Listed investments

Group and charity	2019 £	2018 £
Market value at 1 January 2019	3,350,249	3,577,972
Additions	1,031,685	308,240
Disposals at book value (proceeds: £1,162,580: realised gains: £53,910)	(1,108,670)	(398,343)
Unrealised gains (losses) on revaluation	295,944	(137,620)
Market value at 31 December 2019	3,569,207	3,350,249
Cash held by investment managers	1,776,631	1,703,271
	5,345,838	5,053,520
Cost of listed investments at 31 December 2019	4,711,024	4,766,137

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

Following the year end, measures were introduced by the government to contain the spread of COVID-19 (Coronavirus). As a result of the global pandemic and these measures, the stock markets have fallen considerably since the year end. In recent months there has been a recovery of the markets and as at 22 June 2020 the charity's investments, including cash instruments, stood at £5,271,192 which represents a diminution in value of 1.39% since 31 December 2019.

(b) Investment properties

Group and charity	Charity and Group freehold properties	
	2019 £	2018 £
Valuation at 1 January 2019	13,750,000	9,025,000
Transferred from assets under construction (note 10)	—	2,219,959
Additions	431,785	450,000
Revaluation in the year	(71,785)	2,055,041
Valuation at 31 December 2019	14,110,000	13,750,000
Historic cost at 31 December 2019	4,298,161	4,226,376

Since the year end, it is possible that the value of the charity's investment properties may have decreased in value by as much as 10%, however the full impacts of the current coronavirus pandemic on the property market are as yet unknown.

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 £631,279 (2018: £626,929), gross profit was £574,812 (2018: £597,958) and total administrative expenditure was £229,397 (2018: £208,407). The net profit after taxation was £nil (2018: £nil) after recognising gift aided donations payable to the parent charity under the conditions of its Memorandum and Articles of Association of £345,415 (2018: £389,551).

13 Debtors

Amounts falling due within one year:

	Group 2019 £	Charity 2019 £	Group 2018 £	Charity 2018 £
Amounts due from group under takings	—	—	—	59,464
Other debtors	68,064	48,256	140,928	81,124
Prepayments and accrued income	47,766	10,982	43,622	10,500
	115,830	59,238	184,550	151,088

Amounts falling due in more than one year:

	Group and Charity 2019 £	Group and Charity 2018 £
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 2019 £	Charity 2019 £	Group 2018 £	Charity 2018 £
Bank overdraft	53,844	53,844	60,800	60,800
Trade creditors	48,772	32,642	67,748	126,552
Other creditors	48,893	72,049	73,961	73,252
Conduit creditor	135,000	135,000	190,000	190,000
Accruals and deferred income	185,386	31,227	194,469	76,022
Amounts due to group undertakings	—	34,242	—	—
Deferred lease premium (see below)	8,000	8,000	8,000	8,000
	479,895	367,004	594,978	534,626

14 Creditors (continued)

Amounts falling due in more than one year:

	Group and Charity 2019 £	Group and Charity 2018 £
Amounts payable to Southwark Diocesan Board of Finance	150,000	190,000
Deferred Highshore lease premium	968,000	976,000
	1,118,000	1,166,000

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

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

The movements on deferred income are analysed below:

	2019 £	2018 £
Brought forward as at 1 January 2019	1,125,822	1,152,557
Released in the year	(119,822)	(138,557)
New deferrals in the year	117,334	111,822
Carried forward as at 31 December 2019	1,123,334	1,125,822

The deferred income balance represents:

- ◆ Service income relating to periods after 31 December 2019 of £117,334 (2018 – £111,822);
- ◆ £30,000 received from the London Borough of Lewisham to assist the development of the new free school (2018 – £30,000); and
- ◆ Deferred lease premium income relating to the Highshore lease, split between £8,000 included in creditors falling due within less than one year (2018 – £8,000) and £968,000 included in creditors falling due in more than one year (2018 – £976,000).

15 Analysis of group net assets between funds

Fund balances at 31 December 2019 are represented by:

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

	General funds £	Designated property fund £	Restricted funds £	Endowment funds £	2018 Total funds £
Tangible fixed assets	—	1,976,603	—	—	1,976,603
Listed investments	3,762,472	—	1,046,200	244,848	5,053,520
Investment properties	—	12,750,000	—	1,000,000	13,750,000
Net current assets (liabilities)	(974,106)	—	1,073,295	(8,000)	91,189
Non-current assets	—	—	150,000	—	150,000
Non-current liabilities	—	—	(190,000)	(976,000)	(1,166,000)
	2,788,366	14,726,603	2,079,495	260,848	19,855,312

Reconciliation of funds

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

15 Analysis of group net assets between funds (continued)

	Balance at 1 January 2018 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	Balance at 31 December 2018 £
Endowment funds	252,848	9,125	—	—	(1,125)	260,848
Restricted funds						
External maintenance scheme	91,229	548,207	(443,476)	—	(60,000)	135,960
Diocesan grant	—	34,976	(24,976)	—	—	10,000
Other restricted funds	2,078,773	10,850	(156,088)	—	—	1,933,535
	2,170,002	594,033	(624,540)	—	(60,000)	2,079,495
Designated property fund	12,101,935	450,000	(190,937)	2,055,042	310,563	14,726,603
General funds (including trading funds of £11,755)	3,069,470	1,566,155	(1,460,026)	(137,795)	(249,438)	2,788,366
	17,594,255	2,619,313	(2,275,503)	1,917,247	—	19,855,312

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

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

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

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.

15 Conduit funds – capital projects

	2019 £	2018 £
Income	7,073,271	7,447,177
Expenditure	(7,073,271)	(7,447,177)
	—	—

The income figure represents funds drawn down from the Education and Skills Funding Agency, Devolved Formula Capital from schools and Governor Contributions to building projects, while the expenditure figure represents supplier and contractor costs incurred and committed during the year. Committed costs will be realised in the forthcoming financial year and represent timing differences in acquiring the funds with their related expenditure. The conduit fund exists to channel funds sourced from government into capital and maintenance projects in schools; it posts no profit and all its funds are committed. As at 31 December 2019 the charity owed £135,000 to the conduit fund (2018: £190,000). On a separate note, amounts held on behalf of schools as part of the Devolved Formula Capital Scheme (which are largely destined for the conduit fund) were £2.87m at 31 December 2019 (2018 – £1.42m). These funds represent agency cash balances in the charity, and are not included in the charity's fund balances.

16 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 £161,648 (2018: £154,079). There were no creditors falling due within one year at either 31 December 2019 or 31 December 2018.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Trust is unable to identify its share of the underlying assets and liabilities of the plan.

17 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Accordingly, the Charity has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Charity has set out above the information available on the plan and the implications for the Charity in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% previously).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to the TPS in the year amounted to £73,930 (2018: £72,405).

Church of England Church Workers Pension Fund

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

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

Defined Benefits Scheme

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

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

17 Pension and similar obligations (continued)

Church of England Church Workers Pension Fund (continued)

Defined Benefits Scheme (continued)

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 (2019 – £87,718; 2018 – £81,674).

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

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

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

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

Work to assess the valuation of the scheme as at 31 December 2019 is currently underway.

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 the group received grant funding amounting to £356,391 (2018 – £287,120) in respect of the Diocesan Measure from the Southwark Diocesan Board of Finance and South London Church Fund, a related charity. The Southwark Diocesan Board of Finance and South London Church Fund 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 (2018 – £190,000) to the Diocesan Board of Finance in respect of a loan used partly to fund the early development of SDBE Multi-Academy Trust.

During the year the group received income of £10,518 (2018 – £10,356), including VAT, from Bacons College in respect of the provision of a service level agreement and additional consultancy and advisory work. £0 was owing at 31 December 2019 (2018 – none). Bacon's College is a related party as a result of sharing a number of Trustees with the charity.

During the year the group received income of £142,883 (2018 – £124,944) 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 2019, £13,180 remained to be received (2018 – £44,101).

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 (2018 – £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 £1,082 (2018: £402) being paid into accounts held on behalf of various Schools under the aegis of the Diocese of Southwark. In the year, £nil (2018: £15,515) was paid over to these schools. At the year end, balances of £157,412 were held in designated bank accounts separate from the charity and trading subsidiary's designated bank accounts (2018: £81,329). 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 2019

21 Post balance sheet event – Coronavirus outbreak

In the weeks following the year end date, a global pandemic rapidly spread worldwide with devastating health consequences for millions of people. Economies went into freefall, with markets following suit. As governments around the world struggled to meet the tide of serious health complications in patients presenting with Coronavirus, mass lockdowns of populations ensued, leaving millions unemployed or furloughed from work.

Fortunately in the UK, arrangements were made for financial help to be extended to workers who found themselves without salaries. Inevitably, as the Charity has a considerable number of tenants, it is likely that in the coming year, some (if not many) will either ask for rent deferrals, be unable to pay entirely for some months, or perhaps give notice. Additionally, the drop in the value of markets could mean that the dividend earned on Board investments may fall.

Extensive modelling has been carried out and for the time being the Trustees are of the view that the Board has built sufficient reserves to weather the crisis for the remainder of 2020 and 2021.

22 Consolidated statement of financial activities – Year to 31 December 2018

Consolidated Statement of Financial Activities – Year to 31 December 2018							
		Unrestricted funds					
	Notes	General funds £	Property fund £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
Income and endowments from:							
Grants and donations	1	261,814	450,000	40,601	—	752,415	299,207
Charitable activities	2	82,003	—	548,207	—	630,210	666,501
Other trading activities	3	592,549	—	—	—	592,549	601,940
Investments	4	629,789	—	5,225	9,125	644,139	568,578
Total income		1,566,155	450,000	594,033	9,125	2,619,313	2,136,226
Expenditure on:							
Raising funds	5	119,370	—	—	—	119,370	141,739
Charitable activities	6	1,340,656	190,937	624,540	—	2,156,133	2,024,211
Total expenditure		1,460,026	190,937	624,540	—	2,275,503	2,165,950
Net income (expenditure) before investment gains		106,129	259,063	(30,507)	9,125	343,810	(29,724)
Unrealised gains (losses) on investment properties	11b	—	2,055,042	—	—	2,055,042	(6,878,073)
Net (losses) gains on listed investments	11a	(137,795)	—	—	—	(137,795)	176,755
Net (expenditure) income before transfers		(31,666)	2,314,105	(30,507)	9,125	2,261,057	(6,731,042)
Transfers between funds	15	(249,438)	310,563	(60,000)	(1,125)	—	—
Net movement in funds	8	(281,104)	2,624,668	(90,507)	8,000	2,261,057	(6,731,042)
Reconciliation of funds:							
Funds brought forward at 1 January 2018		3,069,470	12,101,935	2,170,002	252,848	17,594,255	24,325,297
Funds carried forward at 31 December 2018	15	2,788,366	14,726,603	2,079,495	260,848	19,855,312	17,594,255