



REPORT OF THE GOVERNORS
and
FINANCIAL STATEMENTS
FOR THE PERIOD TO
31st July 2020



Company number: 04418151

Charity registration number: 1096721

Registered office:
189 South Norwood Hill, London SE25 6DJ

Website: www.spurgeons.ac.uk

SPURGEON'S COLLEGE

Registered charity no. 1096721

**Incorporating trust property held in connection with Spurgeon's
College registered charity no. 312888 and Falkland Park Trust
registered charity no. 1096721-1**

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31st JULY 2020

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REFERENCE AND ADMINISTRATIVE DETAILS

Spurgeon's College is a company limited by guarantee registered in England and is also a charity registered with the Charity Commission. The governors are both the directors of the company and trustees of the charity.

Company registration number 04418151

Charity registration number 1096721

Registered office Spurgeon's College
189 South Norwood Hill
London SE25 6DJ

Governors Prof Sally Bradley (to 1st March 2020)
Rev'd Stuart Davison (*Vice-Chair*)
Prof Sir Leslie Ebdon
Rev'd Jonathan Edwards
Mrs Joanne Gale
Rev'd David Kerrigan (*Treasurer*)
Mrs Charlotte Kirby-Thomson (from 22nd July 2020)
Mrs Sarah King (*Chair*)
Rev'd Prof Philip McCormack (*Principal*)
Ms Charmaine Mhlanga (*Student governor* from 14th
January 2021)
Mr David Locke (from 14th January 2021)
Mr Neil Sherringham
Pastor Michael White
Mr Edward Woods (to 18th June 2020)
Ms Genelle Aldred (from 14th January 2021)

Senior staff Rev'd Prof Philip McCormack (*Principal*)
Rev'd Helen Stokley (*Chief Operating Officer*)
Rev'd Dr Stephen Wright, (*Vice Principal – Academic
Director*)
Rev'd Simon Jones (*Vice Principal – Director of
Training & Ministerial Formation*)

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Principal advisers

Solicitors

Morrison's
Clarendon House
Clarendon Road
Redhill
RH1 1FB

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Bankers

NatWest Bank
Addiscombe Branch
209 Lower Addiscombe Road
Croydon
Surrey
CR0 6RB

Auditors

Mazars LLP
2nd Floor
6 Sutton Plaza
Sutton Court Road
Sutton Surrey
SM1 4FS

Investment Managers

Rathbones
159 New Bond Street
London
W1S 2UD

Independent Financial Advisers

AW Financial Management LLP
River House
1 Maidstone Road
Sidcup
Kent
DA14 5RH

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GOVERNORS' ANNUAL REPORT

The governors have pleasure in presenting their report and the financial statements of Spurgeon's College for the period ended 31st July 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Acts purposes.

It is to be noted that the College shortened its year end to 31st July 2020 in order to bring it in line with university and OfS standards, resulting in an 11 months period.

The financial statements comply with the Companies Act 2006, the Charities Act 2011, the Memorandum and Articles of Association, and follow the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102).

Structure, governance and management

Governing document

Spurgeon's College is governed by its Articles of Association as adopted by Council on 18th June 2020.

The members of the charity are the members of the Council. In the event of the College winding up, each member of the Council undertakes to contribute an amount not exceeding £10. Upon the winding up or dissolution of the College, all remaining assets shall be given or transferred to another charity having the same or similar objects to the College in accordance with charity law.

The College occupies land and buildings in South Norwood, London. These, including a residential property, are owned by the Falkland Park Trust (Charity No: 1096721-1, previously Charity No: 1017769). Under a Charity Commission Scheme dated 13th February 2003, the company (Spurgeon's College) became sole Corporate Trustee of the Falkland Park Trust.

On 29th April 2019 Spurgeon's College Development Limited was incorporated as a wholly owned subsidiary of Spurgeon's College. The company has been dormant since incorporation and will be used for future College development projects.

Validation and regulation

Spurgeon's College is an approved partner of the University of Manchester, Liverpool Hope University (from January 2021), and the Institute of Pastoral Counselling, and is an approved teaching centre for the Counselling and Psychotherapy Central Awarding Body. The College remains a collaborative centre of the University of Wales on teach-out, and has validation links with the University of Chester for some postgraduate degrees, which are also on teach-out.

Spurgeon's College and the University of Manchester have an exit arrangement from their validation arrangement. This exit arrangement will cover existing students on University of Manchester validated programmes through to completion ('run out') and includes students entering on a University of Manchester validated programme in the academic year up to and

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including 2021/22. In September 2020, the College made a formal application to the Office for Students for Taught Degree Awarding Powers. If successful in its application, students will enter on a Spurgeon's College's validated degree in the academic year 2022/23. From January 2021, the College offers two new Masters degrees validated by Liverpool Hope University.

Spurgeon's College is regulated by the Office for Students (OfS), the Quality Assurance Agency (QAA), which reviews and assures Higher Education standards, and subscribes to the Higher Education Statistics Agency (HESA), which collects, processes and publishes data about higher education in the UK, and the Office of the Independent Adjudicator (OIA), the independent body set up to review student complaints.

The College is also a member college of the Baptist Union of Great Britain, and a member of the Evangelical Alliance and the Micah Network.

Organisational structure and decision making

The management of the College is vested in the Board of Governors. The governors are directors of the company limited by guarantee and trustees of the charity. The Board meets on at least four occasions each year and is responsible for delivery of the College's charitable objects, setting the strategic direction and upholding the values of the College.

The Council is the body to whom the governors are accountable. The Council also provides advice, acts in advocacy for the College and appoints the governors. The Council comprises:

- up to twelve members appointed by the current members of the College Conference (former students);
- for each of the London, Eastern and South Eastern Baptist Associations, up to four members, including one Regional Minister and up to three Lay Members who are interested in furthering the work of the College, appointed by the directors of the Associations;
- up to three representatives of the Particular Baptist Fund appointed by the Managers of the Fund;
- the governors;
- the Chief Operating Officer and the Vice-Principals;
- up to six members of College staff including three tutorial staff and three other members of staff;
- one representative of the Baptist Union of Great Britain appointed by its trustees;
- one representative of BMS World Mission appointed by its trustees;
- up to three representatives of the student body;
- up to three people co-opted by the Governors in liaison with ecumenical bodies in South London; and
- up to four other people co-opted by the Governors.

The Board of Governors is assisted in its work by a number of advisory committees formed of governors, Council members, College supporters and members of staff. The Board sets

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the terms of reference for each committee, which are reviewed regularly, and appoints committee members with relevant expertise and experience. The advisory committees meet as and when required, provide minutes of each meeting to the governors, and also report on their activities to the annual general meeting of the Council.

The advisory committees are as follows:

- Buildings Group – provides advice and assistance on all matters concerning the College properties.
- Marketing, PR and Income Generation Group – provides advice and assistance on all matters concerning income generation, including recruitment, and promotion of College activities.
- Diversity and Equal Opportunities Monitoring Group - advises on matters relating to equality issues and ensures compliance with the law and best practice.
- Finance Committee - provides advice and assistance on all matters concerning the College finances
- Audit & Risk Committee –provides advice and assistance on all matters concerning risk management and audit.
- Governance Group – provides advice and assistance on all matters concerning governance.
- Nominations Group - provides advice on the selection of new governors.
- Academic Board – oversees the courses, standards and outcomes of the courses offered throughout the College.

The Academic Board is the body entrusted by the governors with overseeing the educational work of the College. The members during the period to 31st July 2020 were as follows:

- Rev'd Prof Philip McCormack, Principal* (Chair)
- Katie Walsh* (Senior Registrar), Rev'd Dr Stephen Wright* (Academic Director), Rev'd Seidel Abel Boanerges *, Rev'd Dotha Blackwood*, Mr Rob Bradshaw (from 1st January 2020), Dr Thomas Breimaier, Rev'd Dr Pieter Lalleman, Rev'd Simon Jones*, Dr Debra Reid*, Dr Zoltan Schwab,* Dr Joshua Searle*, Rev'd Martin Stokley*
- Representing the associate and online tutors: Rev'd Robert May*
- Representing the College of Preachers: Rev'd Dominic Robinson
- Counselling course leader: Mrs Patricia McIlroy*
- Representing the Governors: Prof Sally Bradley (to 1st March 2020)
- Representing the Council and also the wider academic life: Christine Dunmow
- Representing wider academic life: Prof. James Carpenter; Prof. Philip Davis; Dr Andrew Jones; Prof. Geoffrey Cook; Prof. Jerry Forrester; Dr Trevor Stammers and Prof. Andrew Thomason.
- Three representatives of undergraduate students (from different pathways) and up to three representatives of postgraduate students (from different pathways)

*Denotes members of staff who are remunerated for their service relating to the teaching and administrative activities of the College rather than in their role as members of the Academic Board.

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The Board delegates the management of all operational, financial and academic matters to the Principal who in turn delegates relevant activities to the senior management of the College, the Heads of Departments: the Chief Operating Officer; the Academic Director; and the Director of Ministry Formation and Training.

The Heads of Departments are invited to attend each Board meeting and are required to provide a report detailing the activities of their departments to inform Governors of their oversight of each department.

Governor recruitment and appointment

The Board of Governors comprises not less than nine and not more than 13 members. The quorum for the transaction of the business is the greater of one third of the governors or three.

At every annual general meeting one-third, or the number nearest to (but not greater than) one third, of the governors (other than the Principal (ex-officio) and Student Governor (appointed by the governors)) retire from office, but are eligible for re-appointment by the Council members. Governors, other than the Principal and Student Governor, are normally appointed for a term of three years. They serve for no more than nine years, unless the governors exceptionally resolve to permit a further term for no more than one governor at a time. The Student Governor is appointed for a term of one year renewable for further periods of one year up to a maximum of four years.

The Board of Governors has the power to co-opt new governors but those co-opted have to stand for election at the following annual general meeting. Co-options are made on the recommendation of the Nominations Group whose members review the skills matrix of the Board and role descriptions, and identify suitable candidates for appointment to the Board. Candidates are recruited from direct approaches, recommendations and referrals, and by advertising, as appropriate. The Board endeavours to reflect the diversity of the student body in its own composition, ensuring there is diversity of gender, age, ethnicity and denominational allegiance. Potential new governors meet the Nominations Group to discuss the role requirements.

Following appointment, all new governors are issued with a Governance Handbook and other appropriate documentation. Guidance is given on the roles and responsibilities of being a charity trustee and governor, and on the College's governance structure. Meetings with key College personnel are arranged.

Remuneration

The governors are committed to ensuring a balance between paying staff to attract and retain the best people for the job and careful management of charitable funds.

In determining the remuneration paid to academic staff, the governors are cognisant of the remuneration given to those working in similar roles in other theological and Bible Colleges, and to ministers in the Baptist Union. Where possible, remuneration attached to jobs in support functions is benchmarked against similar jobs in the local jobs market. Cost of living increases may be awarded annually to all staff on the basis of a recommendation from the

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Finance Committee in the context of the annual budget setting process, following consideration of the increase in Retail and Consumer Price Indices and the College's financial position.

Objectives and activities

Objects

The College's charitable objects are to advance the Christian religion in accordance with the beliefs and practices of Baptists and the interpretation of such beliefs and practices usually called evangelical, in particular through the provision of education, training, vocational preparation and support to Christians for mission and ministry.

Our Mission

To train men and women for Christian mission, ministry and leadership in the contemporary world

Our Vision

The College draws its vision from three sources:

- a. *A confessional foundation* – established by CH Spurgeon in 1856 as the Pastors' College, Spurgeon's College is a Christ-centred, evangelical college in the Baptist tradition, engaged in biblical and theological education.
- b. *A formative ethos* – this flows from our life as a community that meets daily for worship, where preparation for Christian service is enriched by the practice of gathering daily as a community to glorify God, who is Father, Son and Holy Spirit.
- c. *A geographical location* – the College is intentionally London based, with a national focus and a global reach.

The College Vision for the next ten years is:

- To cultivate a creative learning environment allowing every student to develop spiritually, academically, emotionally and socially.
- To deliver a relevant, structured curriculum tailored to training men and women for mission, ministry and leadership for all who wish to deepen their understanding of the Scriptures and theology.
- To develop the College's position, in the global and diverse city of London, as a research-led, experience-based, centre of excellence delivering positive outcomes for students.
- To maintain the highest professional and ethical standards in every area of College life.

Our Values

As a Christian Higher Education Theological College our values are directly drawn from and aligned with biblical principles. In particular:

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- We believe in the inherent moral equality, dignity and worth of every individual.
- We value the unique distinctiveness of each member of the College community.
- We celebrate the richness of being a diverse and inclusive community.
- We believe that as a community meeting daily for worship we must be careful to listen to God and discern his will and purpose.
- We will promote the general wellbeing of all members of the student community and College staff.
- We are committed to assisting every student in reaching their potential.

The College's Values are consistent with and build upon 'The 7 principles of public life'¹ often referred to as the 'Nolan Principles.'

Students

The College's main activity is the provision of theological education and ministerial and practical training for Christian mission and ministry.

The number of students studying at the College fell in this financial period as the College's registration with the Office for Students took place after the beginning of the academic year, disrupting the normal admissions process. This was a one-off event and should not be seen as an indication of a decline in student numbers as the 2020/21 year has seen numbers return to expected levels. It should be noted that the global coronavirus pandemic meant that the College's Birmingham and Cambridge hubs could not remain open for face to face teaching, which has impacted student numbers on our weekend and evening courses and student related income at these two locations.

In spite of the global pandemic, Spurgeon's College continues to prepare candidates for ordination to Baptist ministry within the Baptist Union of Great Britain, and train pastors and leaders from other denominations. The College also includes students who are pursuing a theological education for its own merits in its diverse learning community, and this further enriches the life and experience of all community members. Since its foundation, over 5,000 churches worldwide have been served by Spurgeon's ministers and its trained ministers are active in over 35 countries. The College has also developed post-graduate provision for continuing ministerial development training and has a thriving post-graduate research community. It offers other accessible training packages for church members seeking to serve in lay capacities and in counselling or pastoral supervision roles.

Public benefit

The governors carefully consider the Charity Commission's guidance on public benefit in determining what work is done, and the guidance informs the College's aims, plans and activities. The governors take seriously their responsibility to offer high quality academic provision that also represents value for money to students and to taxpayers.

¹ See <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

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Those who benefit from the College's work directly are the students who study and/ or train for ministry, both ordained and lay, and also, indirectly, those who worship in and benefit from the ministry of churches in the UK and around the world which are served by students and former students.

The students benefit through:

- Enhanced knowledge and skills
- Academic and professional study and qualifications
- Broadened perspectives on faith and the world
- Deeper and stronger personal spirituality gained from living, studying and worshipping in a Christian community.

The benefit to the general public comes through:

- Leadership by properly trained and equipped ordained ministers, lay leaders and counsellors of churches which are open for public worship.
- Leadership of and involvement in Christian charitable and social action work by current and former students of the College who have been motivated, inspired and equipped by their courses at College.

The governors ensure that the courses at Spurgeon's College are designed for those who seek to further their knowledge of Christian theology or train for Christian ministry. Whilst the College is part of the Baptist Union of Great Britain, a wide variety of church traditions are represented within the student body and the content of the courses offered reflects this diversity.

The College's access and participation plan demonstrates the College's commitment to fair access and opportunity. During the period reported upon, the College was registered with the Office for Students but its students were unable to benefit from student loans at the higher level, as the College was registered after the start of the academic year. The College helps those seeking to come to the College to identify the course that is appropriate to their current and future needs, depending on their interests and individual calling. The College has a wide range of courses and study options available with a similarly wide range of fees.

Fees are set at rates which are appropriate bearing in mind similar courses offered by other Baptist and Bible colleges. All courses are subsidised as the income from fees is less than the cost of providing courses. Donations and legacies from supporters, income derived from use of properties and assets, and investment income, all contribute to the subsidy.

Students who are training for the Baptist ministry have access to the Baptist Union Bursary Fund. They and other students have access to bursary funds administered by the College and to grants from charitable trusts. The College is active in ensuring that students with financial needs have information about raising money to fund their training and are able to apply for bursaries. Assistance is also available to students through providing on-site accommodation at rates below market rates.

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Additional public interest governance principles

The Governors monitor good practice within both the charity and Higher Education sectors. This means that Spurgeon's College is seeking to align its governance processes, in regard to Higher Education, with the current guidance from the Committee of University Chairs contained in The Higher Education Code of Governance.² The governors are satisfied that adequate and effective measures are in place to ensure that when the College is in receipt of public funds they are appropriately used, in line with the conditions of the grant and the principles of regularity, propriety and value for money to protect the interest of taxpayers and consistent with its Charitable objects.

Volunteers

The College's work is supported by a number of volunteers whose contribution is invaluable and underpins the success of the College. In addition to those involved with the College's governance, volunteers assist with the Library, with the Learning Support Department, with church placements, and in various administration support roles.

Strategic report

Agreed strategy

The progress in relation to the College's objectives as defined in 2018 is reported as follows:

- a. To register with the Office for Students as soon as possible after 31st August 2018 in the Approved (Fee Cap) category.

The College was registered with the Office for Students in November 2019 and therefore this objective has been achieved.

- b. To apply for and achieve Taught Degree Awarding Powers from the Office for Students by August 2019.

The College applied for Taught Degree Awarding Powers in September 2020 and is now going through the scrutiny process.

- c. To secure 'indefinite' Taught Degree Awarding Powers.
- d. To apply for Research Degree Awarding Powers upon securing 'indefinite' Taught Degree Awarding Powers.
- e. To explore attaining university title once indefinite Taught Degree Awarding Powers have been secured.

Objectives, c, d and e will be pursued once Taught Degree Awarding Powers are achieved.

- f. To provide excellent and continually improving levels of education, formation and learning resources for all students across the board.

² See <https://www.universitychairs.ac.uk/wp-content/uploads/2015/02/Code-Final.pdf>

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The College continues to provide excellent and continually improving levels of education, formation and learning resources as demonstrated by 100% of students agreeing in the National Students Survey that they are satisfied with the College. Student feedback at a unit, course and institution level also records high rates of satisfaction. Registration with the Office for Students and the College's continuing commitment to excellence demonstrates the College's commitment to continually improve.

- g. To encourage and facilitate access and participation in Higher Education.

The governors have commissioned and implemented an access and participation plan from 2020/21 to 2024/5 which is available on the College website and is monitored by the Access and Participation Monitoring Group, chaired by a governor.

- h. To develop a school and community outreach programme, utilising our connections with our existing and new partnerships, to encourage young people from all backgrounds to consider Higher Education.

In the period both the Principal and COO met Croydon Council education officers to discuss ways the College can help raise the attainment of the young people within the borough. A community worker has been employed since September 2020.

- i. To foster relationships with the growing church, especially in relation to the growing Black, Asian and Minority Ethnic (BAME) movements in London and the UK.

The College continues to dialogue with BAME movements in London and the UK.

- j. To explore with leaders from the BAME communities the creation of a range of bursaries and scholarships to encourage students from Under Represented Groups to study at Spurgeon's College.

The College committed itself to increase and target bursaries and scholarships to those from BAME communities with household incomes under £25,000 from 2020/21.

- k. To develop the College's capacity to resource the churches locally in London and nationally across the United Kingdom.

- l. To maintain and develop the College's reputation as a centre of excellence for counselling courses.

The report from CPCAB praised the counselling centre for continuing to be a centre of excellence.

- m. To develop partnerships with international universities and theological colleges, for example, through our International Distinguished Visiting Scholar programme.

The College continues to be in partnership with Anderson University in South Carolina and is engaged in continuing talks with a number of international partners, with whom the College is forming partnerships and programmes.

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- n. To foster and develop partnerships with international Baptist Associations and Unions.

The Principal has been elected to be a member of the Baptist World Alliance of Churches giving the opportunity to develop relationships and discuss strategic partnerships.

- o. To deliver capital build projects that contribute to income generation and the research and Higher Educational objectives of Spurgeon's College. For example:
- Build apartment block(s) as a source of income generation and additional accommodation space for international students.
 - Build a CH Spurgeon heritage and conference centre that is financially self-sustaining and income generating.
 - Build a spiritual retreat centre in the wood.

The Principal and COO have been managing three building projects, with the main concentration being on the College site in partnership with Henley Homes and Pigeon (South Norwood) Limited.

- p. Manage our building portfolio to support the delivery of the capital build projects.

The Principal and COO have submitted planning permission for the Raleigh Park Baptist Church site in Brixton, in order to release funds for the College.

- q. To develop and maintain a financial strategy that will deliver the College's objectives.

The governors, finance committee and senior management teams continue to monitor and implement the financial strategy adopted by the governors to diversify the income streams of the College through building development and revenue from property management.

Financial review

General (unrestricted) fund

The College recorded a deficit on the General Fund in 2019/2020 of £571,246 (2018/19, deficit of £254,719).

The major income stream is the fees charged to students. The College continues to be thankful for the donations and legacies which also contribute to the College's income. The College accessed the Coronavirus Job Retention Scheme, put in place due to the pandemic, and also, for the first time, received public funds from the Office for Students in the form of a teaching and learning grant. Both of these new income streams have been recorded in other income with an explanatory note 3a. It should be noted that the College's accommodation income reduced by £47,728 as lettings were not possible due to Covid-19 restrictions. Student fees and maintenance reduced by £194,475, in part because of the late registration with the Office for Students and in part due to Covid-19 as hub sites could not open and other strategic plans had to be put on hold. In the 2019/20 period, 98% expenditure was on charitable activities and 2% on generating funds (2018/19, 98% and 2% respectively). The College's operating costs remained consistent with the previous year, with staff working to ensure the College was best placed to meet the increased regulatory

and reporting burden associated with the Office for Students and the application process for degree awarding powers.

Restricted and endowment funds

A range of restricted funds appear in the accounts, being money donated for specific purposes such as student support through bursaries and enhanced teaching facilities. The governors are grateful for income received that has supported a range of specific projects.

Investment policy

The College's investment portfolios are managed on a discretionary basis by investment managers. The investment objectives of the respective portfolios are set out in an investment policy statement, which also prescribes the ethical policies to be followed by the investment managers. Investments are managed to achieve a balanced return between income and capital growth, generating income for use for current purposes whilst maintaining the value of investments for the benefit of future students. The Finance Committee conducts a review meeting once a year with the investment managers and the independent financial adviser and reviews the performance of investments regularly.

Reserves policy and future prospects

In accordance with Charity Commission guidance, the governors monitor the level of funds held in unrestricted reserves, recognising the pressures caused by the imbalance between income and expenditure at certain times of the year. Whilst income fluctuates over the course of a College year, salaries and other regular monthly costs continue throughout the year. The governors need to maintain free reserves of around £170,000 for this purpose alone. Given the annual shortfalls between College income and expenditure in recent years, it is also necessary to maintain reserves which can help fund shortfalls as and when they occur whilst the governors continue work to return General Fund income and expenditure after the receipt of donations to equilibrium.

The governors have determined that the optimum level of free reserves that the College should hold to ensure its survival should be sufficient to cover six month's budgeted operational expenditure, which equals £1,020,000. This compares with the reported unrestricted free reserves of £1,559,519 as at 31st July 2020.

In order to secure the financial future of the College, the governors have been working on a project to release value from the College site to provide an ongoing income stream, an increase in reserves, and new buildings for academic use. In this period continued progress has been made on a major development project which will achieve these aims. A considerable amount of work has been done on a project that will provide a substantial number of housing units for sale and rent whilst protecting the majority of the site for continued use by the College for its purposes. The College has strategically invested in this project in order to maximise the return and is expecting the planning application to be approved in 2021.

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Fundraising activity

The College does not currently employ anyone dedicated to fundraising, nor does it use external fundraisers or commercial participators. The fundraising focus is on developing relationships with College supporters, which is done through the College social media channels, electronic communications and events. It has been more difficult to meet with supporters in the period due to the pandemic. The College has not received any complaints about its fundraising activities and practices.

COVID-19

The scale and spread of Covid-19 (coronavirus) virus worldwide and the actions taken by the government have caused and will continue to cause disruption to the College's activities and income. The outbreak is having a significant impact on the way the College delivers its education. The College moved the delivery of all its educational programmes to digital mode and expects to continue with digital delivery of its programmes at the start of the second semester and until Covid-19 vaccines change the situation for higher education in the UK. The governors have continued to monitor the situation very closely and at the start of the pandemic held additional governors' meetings to review the situation and plan accordingly.

Going concern

The governors are very aware of the impact of Covid-19 and its potential impact on student numbers. However, as the College invested significantly in IT infrastructure and provision, the governors are confident that the College can continue to deliver its entire Higher Education (HE) and non-Higher Education educational programmes digitally. The College is well set to meet the expectations within the HE sector that HE provision will take the form of a blended approach. The governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks, uncertainties and opportunities

In order to further review, plan and mitigate risk, the governing body commissioned an external governance review in November 2019 which was undertaken by an OfS registered expert. As a result of this review, an action plan was implemented and a number of actions were taken, included creating a separate Audit and Risk Committee, revising the Articles of Association, appointing a student governor in January 2021, recruiting a Head of Finance (December 2020), and increasing governor diversity and training.

Maintaining the wide variety of activities of the College is not without its challenges and the governors have sought to manage the risks of such a faith undertaking. In this reporting period, and as a result of the governance review, the governors set up an Audit and Risk Committee to take on the existing review schedule monitored by the Finance Group. The necessary systems to keep all risks under regular review are in place. The major risks are reviewed at meetings of the governors and the risk register, which details all risks, assessing their severity and likelihood of occurrence and the systems and procedures necessary to

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mitigate them if they were to occur, is reviewed annually by the Audit and Risk Committee which makes recommendations to the governors.

The governors have identified the areas of major potential risks as: the College's ongoing challenging financial position, where operating income is less than operating expenditure and the College is dependent on receiving charitable donations and legacies and generating income from other sources; failure to comply with legal requirements and OfS regulation; and the loss of key employees and inability to replace key staff effectively

The College is vulnerable to a decline in student numbers at a time when church attendance is decreasing and congregations find it more difficult to afford to pay a minister and the economic situation makes it harder for students to afford even the subsidised fees charged. Many independent theological and bible colleges are struggling to attract sufficient numbers of students and are facing financial problems. The College's location in London with a growing and diverse church scene, its evangelical tradition and reputation for excellence, and the variety of courses and modes of study offered all help mitigate the risk of a decline in recruitment.

As set out in the financial review section above, a considerable amount of work has been done to realise value from the College's site to ease the challenging financial position. The proposed major development will provide annual rental income, a one-off increase in reserves, and enable the College to build new academic buildings from which the College will be able to operate into the future, providing capacity to increase student numbers and cutting-edge facilities. In the period between 31st August 2019 and 31st July 2020 the College has made rapid progress on the development of the site to help secure the financial future of the College. The estimated value of the area of the site to be developed, once planning permission has been obtained, is £15 million.

Another recent development that helps secure the financial future of the College arose following the decision of Raleigh Park Baptist Church to close on 31st December 2018; in accordance with the terms of the church's Trust Deed, the College has been given the site on Arodene Road, Brixton, London SW2. The project for this site is proceeding and should deliver a significant financial return for the College.

The Governors are aware that the College compares well on cost per student in all areas other than regulation and compliance: due to the size of the student body, the cost of fees paid to regulatory bodies, staff costs in academic administration, regulation and compliance areas, and IT costs associated with these areas, is considerably higher per student than for other larger HE providers. This is a source of concern and every effort is made to operate efficiently and cost effectively.

As part of its strategic educational plan the College continues to look at the diversification of income stream and has a long-term plan to explore increasing its educational offering, for example offering dual honours degrees in subjects like sociology, counselling and philosophy. The College has met Liverpool Hope University (LHU) on a number of occasions and is the process of signing a partnership document with LHU, so that LHU can deliver its own programmes from the London site in the evenings and weekends. These additional courses are expected to increase the College's tuition fee income.

SPURGEON'S COLLEGE

REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS FOR THE PERIOD TO 31ST JULY 2020

In 2019, Spurgeon's College and BMS World Mission entered into a formal partnership between the two institutions, marking the culmination of a detailed exploration of ministry opportunities. The College considers that this collaborative partnership could be a critical component in transformational change within the Christian community at home and abroad through the equipping of missional disciples nationally and internationally. In partnership with BMS, Spurgeon's offered its Equipped to Minister training programme at BMS Birmingham. This has been paused due to the global pandemic. BMS and the College are in conversations about other strategic educational programmes.

The College's strategic decision to invest in new technology to create new opportunities for ministerial formation, training and education, via virtual learning, has proved particularly apposite in light of the global pandemic. Had the College not made the investment in the software system Panopto, it would not have been able to deliver such high quality, consistent education throughout the pandemic. The College recognises that ministerial formation and training must evolve to meet an increasingly diverse set of requirements, including virtual formation. In light of this, and the pandemic, the College also invested in additional e-resources for students who could no longer access the library provision on-site. This investment in educational resources has been of great benefit to the student during these unusual times.

Questions concerning Brexit, and whether or not the UK will leave the European Union, continued during the period. Higher Education has not been immune to wrestling with the uncertainty created by Brexit, but the College has put in place the appropriate plans and processes to accommodate EU and EEA students, through the Student Route programme.

The continued highly respected reputation of the College is crucial to its existence. The College participates actively in the Baptist Union of Great Britain and Evangelical Alliance, and maintains links locally, nationally and internationally. The Council, College Conference (alumni network) and the College's supporter base play a key role as ambassadors for the College.

Governors' responsibilities for the financial statements

The governors (who are also directors of Spurgeon's College for the purposes of company law) are responsible for preparing the Report of the Governors (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland).

Company law requires the governors 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 of the income and expenditure of the charitable company for that period. In preparing these financial statements the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;

SPURGEON'S COLLEGE

REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS FOR THE PERIOD TO 31ST JULY 2020

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and which 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 hence for taking reasonable steps for the prevention of fraud and other irregularities.

Disclosure of information to auditors

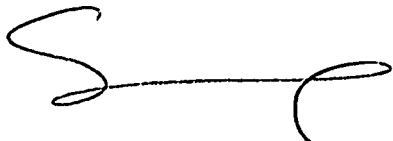
To the knowledge and belief of the governors, there is no relevant information that the College's auditors are not aware of, and the governors have taken all the necessary care to ensure and establish that the auditors are aware of any relevant information.

Auditors

Mazars LLP will be proposed for reappointment in accordance with the provisions of the Companies Act 2006 and the Charities Act 2011.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and was approved by the Board of Governors (in their capacity as company directors) on 24th February 2021.

Signed on behalf of the governors



SARAH KING
Chair

24th February 2021

SPURGEON'S COLLEGE

REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS FOR THE PERIOD TO 31ST JULY 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPURGEON'S COLLEGE

Opinion

We have audited the financial statements of Spurgeon's College (the 'charity') for the period ended 31st July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31st July 2020 and of its income and expenditure for the period 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 charity 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.

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
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

**REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS FOR THE PERIOD TO
31ST JULY 2020**

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Governors, 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 Report of the Governors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on pages 16 and 17, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charity'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 charity 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 the audit report

This report is made solely to the Charity'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 Charity'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 Charity and the Charity's members as a body for our audit work, for this report, or for the opinions we have formed.

SPURGEON'S COLLEGE

**REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS FOR THE PERIOD TO
31ST JULY 2020**

Signed for and on behalf of Mazars LLP

David Hoose

David Hoose (Feb 25, 2021 12:41 GMT)

David Hoose
(Senior Statutory Auditor)

Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date: 25/02/2021

SPURGEON'S COLLEGE

**STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account)
FOR THE PERIOD ENDED 31st JULY 2020**

		Unrestricted	Restricted	Endowment	11 months 2020	12 months 2019 (Restated)
		Funds	Funds	Funds	Total	Total
	Note	£	£	£	£	£
Income and endowments from:						
Donations and legacies	2a	306,757	31,808	-	338,565	858,653
Charitable activities	2b	888,997	1,496	-	890,493	1,127,021
Investments	3	6,990	10,701	-	17,691	20,168
Other	3a	71,206	5,404	-	76,610	6,783
Total income		1,273,950	49,409	-	1,323,359	2,012,625
Expenditure						
<i>Raising Funds</i>						
Costs of raising voluntary income	4	22,168	63	5,817	28,048	48,920
<i>Charitable activities</i>						
Student-related expenditure	5	1,823,028	65,875	-	1,888,903	2,194,748
Total expenditure		1,845,196	65,938	5,817	1,916,951	2,243,668
Net expenditure before gains/(losses) on investments		(571,246)	(16,529)	(5,817)	(593,592)	(231,043)
Gains on the sale of fixed assets		-	-	-	-	119,508
(Losses)/gains on Investments		(10,222)	-	(42,411)	(52,633)	9,928
Net movement in funds		(581,468)	(16,529)	(48,228)	(646,225)	(101,607)
Fund balances b/fwd (as previously stated)		1,650,421	549,753	472,634	2,672,808	2,788,767
Prior year adjustment	19	(98,813)	-	-	(98,813)	(113,165)
Fund balances b/fwd (as restated)		1,551,608	549,753	472,634	2,573,995	2,675,602
Fund balances c/fwd						
at 31 st July 2020		970,140	533,224	424,406	1,927,770	2,573,995

All amounts relate to continuing activities and there are no recognised gains or losses other than those included above

The notes on pages 26 to 35 form part of these financial statements

SPURGEON'S COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)- DETAILED COMPARATIVE FIGURES FOR THE YEAR ENDED 31st AUGUST 2019

		Unrestricted Funds	Restricted Funds	Endowment Funds	12 months 2019 Total (Restated)
	Note	£	£	£	£
Income and endowments from:					
Donations and legacies	2a	796,806	61,847	-	858,653
Charitable activities	2b	1,125,389	1,632	-	1,127,021
Investments	3	6,264	13,904	-	20,168
Other		6,464	319	-	6,783
Total income		1,934,923	77,702	-	2,012,625
Expenditure					
<i>Raising Funds</i>					
Costs of raising voluntary income	4	43,013	-	5,907	48,920
<i>Charitable activities</i>					
Student-related expenditure	5	2,146,629	48,119	-	2,194,748
Total expenditure		2,189,642	48,119	5,907	2,243,668
Net expenditure before gains on investments		(254,719)	29,583	(5,907)	(231,043)
Gains on the sale of fixed assets		119,508			119,508
Gains on Investments		1,526	-	8,402	9,928
Net movement in funds		(133,685)	29,583	2,495	(101,607)
Fund balances b/fwd (as previously stated)		1,798,458	520,170	470,139	2,788,767
Prior year adjustment	19	(113,165)	-	-	(113,165)
Fund balances b/fwd (as restated)		1,685,293	520,170	470,139	2,675,602
Fund balances c/fwd at 31st August 2019		1,551,608	549,753	472,634	2,573,995

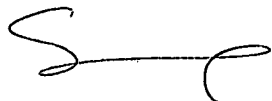
BALANCE SHEET
AS AT 31st JULY 2020

		2020	2020	2019	2019
	Note	£	£	£	£
Fixed Assets					
Tangible Fixed Assets	7	2,095,720		1,970,342	
Investments	8	476,412		542,573	
			2,572,132		2,512,915
Current Assets					
Property to be sold		689,924		433,000	
Debtors & Prepayments	9	246,472		305,991	
Cash		1,141,551		1,090,288	
		2,077,947		1,829,279	
Creditors : Amounts falling due within one year					
Creditors & Accruals		263,174		1,300,812	
Fees received in advance		74,072		55,949	
	10a	337,246		1,356,761	
Net Current Assets			1,740,701		472,518
Total assets less current liabilities			4,312,833		2,985,433
Creditors: amounts falling due after more than one year	10b		2,299,101		312,625
Provisions for liabilities	14		85,962		98,813
Net Assets			1,927,770		2,573,995
Represented by Funds					
General Funds			970,140		1,551,608
Total Unrestricted Funds			970,140		1,551,608
Restricted Funds	11		533,224		549,753
Endowment Funds	12		424,406		472,634
	13		1,927,770		2,573,995

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 26 to 35 form part of these financial statements

Approved by the Governors on 24th February 2021 and signed on their behalf by:



Sarah King
CHAIR



David Kerrigan
HONORARY TREASURER

SPURGEON'S COLLEGE

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31st JULY 2020 (continued)**

	2020	11 months 2020	2019 (Restated)	12 months 2019 (Restated)
	£	£	£	£
Cashflows from operating activities				
Net expenditure	(593,592)		(231,043)	
Adjustments for:				
Depreciation	25,939		32,551	
Interest income	(4,687)		(4,103)	
Trade and other receivables	59,519		(15,329)	
Trade and other payables	9,734		73,358	
Provisions for liabilities	(12,851)		(14,352)	
Cash flows used in operations		(515,938)		(158,918)
Cash flows from investing activities				
Purchase of property plant and equipment	(408,241)		(960,623)	
Purchase of investments	(109,669)		(119,081)	
Proceeds on disposal of investments	123,197		105,035	
Interest received	4,687		4,103	
Proceeds on sale of current assets	-		907,008	
		(390,026)		(63,558)
Cashflows from financing				
Proceeds from new loan		2,000,000		1,020,000
Repayment of loans		(1,042,773)		(25,000)
Net increase in cash		51,263		772,524

Analysis of cash and cash equivalents

	At 1 st September 2019	Cashflows	At 31 st July 2020
	£	£	£
Cash at Bank	1,090,288	51,263	1,141,551
Loans	(1,362,793)	(957,227)	(2,320,020)
	<u>(272,505)</u>	<u>(905,964)</u>	<u>(1,178,469)</u>
	At 1 st September 2018	Cashflows	At 31 st August 2019
	£	£	£
Cash at Bank	317,764	772,524	1,090,288
Loans	(376,333)	(986,460)	(1,362,793)
	<u>(58,569)</u>	<u>(213,936)</u>	<u>(272,505)</u>

SPURGEON'S COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st JULY 2020 (continued)

1 ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and accordance with The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Charities Act 2011. They are drawn up on the historical accounting basis, except as stated in sub paragraph 1.5. The charity meets the definition of a public benefit entity under FRS 102.

The financial year end of the College was changed from 31st August to 31st July. Accordingly, the comparative figures are for twelve months from 1st September 2018 to 31st August 2019.

The College continues to diversify its sources of income in order to secure its financial future. The College is in advanced discussions with a property developer to develop the College site that will provide the College with rental and capital income. In addition, the College in 2020/21 will sell a property in order to improve the College's financial resilience. The College believes it has adequate financial resources for the foreseeable future and has therefore prepared the financial statements on a going concern basis.

1.2 Student fees, grants receivable, income from student accommodation and donations

Fees are recognised in the year to which they relate. Amounts not recovered five weeks after the accounting date are split into 4 categories: Certain, Good, Unsure and Bad. 90% provisions are made for those debts classified as Unsure and Bad and 45% provision is made for debts classified as Good. Where debts exceed 3 years a 100% provision is made.

1.3 Legacies

Legacies are normally accounted for when received, and adjusted for legacies notified during the year but received after the year end.

1.4 Fixed assets and depreciation

The charity has taken the advantage of the option to use the value of land and buildings at the date of transition to FRS 102 (1st September 2014) as deemed cost. No depreciation is charged in respect of freehold land and buildings. Properties are maintained in a good state of repair prolonging their useful life and enhancing their residual value. Accordingly the Governors consider any depreciation arising to be insignificant and immaterial. The Governors have capitalised part of the expenditure incurred on improving library facilities at the College, and agreed that this will be written off over 10 years.

The Governors carry out an annual review to consider the useful life and estimated residual value of the properties; this includes reviewing the properties for any impairment.

Tangible fixed assets costing £1,000 or more are capitalised at cost. Depreciation is provided on all tangible fixed assets calculated to write off the cost on a straight line basis over their expected useful economic life as follows:-

Furniture and office equipment over 5 years, computer equipment over 3 years
Heating Plant over 10 years and building improvements over 20 years

1.5 Investments

Investments are stated in the financial statements at market value.

The historical cost is set out in Note 8.

1.6 Funds

Certain items of income and expenditure which relate to such funds created for specific purposes are taken directly to the appropriate restricted and endowment funds.

1.7 Taxation

The College is a registered charity under the Charities Act 2011 & has been recognised by Her Majesty's Revenue and Customs. Therefore no liability to corporation taxation arises on its charitable activities.

1.8 Expenditure

Expenditure is accounted for on an accruals basis. All charitable expenditure in furtherance of the charity's objectives relate to the provision of educational services. Costs of raising funds includes cost directly attributable for the provision of the charitable objectives.

1.9 Operating Lease Policy

Rentals payable under operating leases are charged on a straight line basis to the statement of financial activities over the term of the lease.

SPURGEON'S COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31st JULY 2020 (continued)

	Unrestricted Funds	Restricted Funds	Endowment Funds	2020 Total	2019 Total
	£	£	£	£	£
2a DONATIONS AND LEGACIES					
Donations and grants received	222,819	31,808	-	254,627	158,808
Legacies received	83,938	-	-	83,938	699,845
	306,757	31,808	-	338,565	858,653
2b INCOME FROM CHARITABLE ACTIVITIES					
Student fees and maintenance	881,445	-	-	881,445	1,075,920
Discounts and unrecovered charges	(50,388)	-	-	(50,388)	(52,313)
	831,057	-	-	831,057	1,023,607
Accommodation charges	33,585	-	-	33,585	81,313
Rent from properties	24,355	1,496	-	25,851	22,101
	57,940	1,496	-	59,436	103,414
	888,997	1,496	-	890,493	1,127,021
3 INVESTMENT INCOME					
Dividends and interest on investments	2,303	10,701	-	13,004	16,065
Bank interest	4,687	-	-	4,687	4,103
	6,990	10,701	-	17,691	20,168
3a OTHER					
Sundry income	48,304	5,404	-	53,708	6,783
Grants and support income	22,902	-	-	22,902	-
	71,206	5,404	-	76,610	6,783
4 COSTS OF RAISING FUNDS					
Publicity and Fundraising expenses	20,891	63	-	20,954	41,743
Investment Management Charges					
General Fund	1,277	-	1,802	3,079	3,093
General Bursary Fund	-	-	-	-	-
Pringle Fund	-	-	723	723	732
Vectis Fund	-	-	2,710	2,710	2,763
Copley Fund	-	-	582	582	589
	22,168	63	5,817	28,048	48,920

Sundry income includes government support in relation to furloughed staff in roles identified as being unable to support the continued learning of students or not linked to an essential business support service following the impact of COVID19, under the government's Coronavirus Job Retention Scheme in 2019/20.

SPURGEON'S COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st JULY 2020 (continued)**

5 STUDENT RELATED EXPENDITURE

SUMMARY OF EXPENDITURE	Unrestricted Funds	Restricted Funds	2020 Total	2019 Total
	£	£	£	£
Tuition Costs	1,015,504	59,567	1,075,071	1,226,470
Domestic Costs	120,296	-	120,296	194,007
Establishment Costs	257,943	-	257,943	326,381
Administration Expenses	412,758	6,308	419,066	434,590
Student Accommodation	39	-	39	3,523
Governance Cost	16,488	-	16,488	9,777
	1,823,028	65,875	1,888,903	2,194,748

TUITION COSTS

Tutors' salaries, NI & pension contributions	640,309	27,675	667,984	722,523
Visiting tutors and examining costs	24,700	3,903	28,603	29,033
Travel allowances and expenses	10,540	570	11,110	20,362
Computer and network support	117,750	-	117,750	157,867
Property expenses	4,196	4,409	8,605	16,009
Student registration and validation fees	143,563	-	143,563	172,492
Miscellaneous tuition expenses	15,697	-	15,697	4,882
Library purchases	29,976	4,191	34,167	36,579
Depreciation of computer equipment	3,561	-	3,561	8,139
Student support and other disbursements	-	18,400	18,400	25,445
Sundry expenses	25,212	419	25,631	33,139
	1,015,504	59,567	1,075,071	1,226,470

DOMESTIC COSTS

Contract Catering	88,708	-	88,708	115,821
Domestic salaries, NI & pension contributions	-	-	-	-
Domestic expenses	31,183	-	31,183	77,745
Depreciation of equipment	405	-	405	441
	120,296	-	120,296	194,007

ESTABLISHMENT COSTS

Light and heat	51,603	-	51,603	55,608
Rates and insurance	24,905	-	24,905	23,844
Repairs and maintenance	22,095	-	22,095	65,282
Repairs - Nurseries House	660	-	660	720
Salaries, NI and pension contributions	136,707	-	136,707	156,956
Depreciation	21,973	-	21,973	23,971
	257,943	-	257,943	326,381

ADMINISTRATION EXPENSES

Salaries, NI & pension contributions	252,672	-	252,672	270,141
Printing postage and stationery	32,024	2	32,026	36,759
Telephones	5,997	-	5,997	5,942
Travel, Training and entertaining	1,262	-	1,262	2,530
Finance expenses	63,691	-	63,691	67,858
Professional fees	54,332	-	54,332	45,141
Sundry expenses	2,139	6,270	8,409	4,398
Equipment	641	36	677	1,821
	412,758	6,308	419,066	434,590

SPURGEON'S COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st JULY 2020 (continued)

6 GOVERNANCE COSTS

General Fund	2020 £	2019 £
Auditors' remuneration	15,250	8,572
Governors' expenses reimbursed	1,238	1,205
	<u>16,488</u>	<u>9,777</u>

7 TANGIBLE FIXED ASSETS

	Properties £	Building improvements £	Equipment £	Assets Under Construction £	TOTAL £
For use by Charity					
Cost & Valuation					
At 1 st September 2019	1,435,000	241,016	257,885	386,454	2,320,355
Transfer to current assets	(137,000)	-	-	(119,924)	(256,924)
Additions	-	-	11,161	397,080	408,241
At 31 st July 2020	1,298,000	241,016	269,046	663,610	2,471,672
Depreciation					
At 1 st September 2019	-	108,267	241,746	-	350,013
Charge for the period	-	17,460	8,479	-	25,939
At 31 st July 2020	-	125,727	250,225	-	375,952
Net Book Value					
At 1 st September 2019	1,435,000	132,749	16,139	386,454	1,970,342
At 31 st July 2020	1,298,000	115,289	18,821	663,610	2,095,720

The freehold land and buildings now known as Spurgeon's College were transferred to the College as part of the transfer of the trusteeship of the Falkland Park Trust in 2003. In view of the nature of the permanent endowment and specialist nature and age of the College buildings, which are locally listed, the Governors do not feel it appropriate to ascribe any value thereto in these Financial Statements, particularly as the use of the premises do not create a surplus for College funds.

Certain other properties owned by the College were transferred from the unincorporated Spurgeon's College in 2003. These properties together with 191 South Norwood Hill, were professionally valued at £2,085,500 as at 1st September 2014 by Matthew Waddams MRICS, Chartered Surveyor, and Kinleigh Folkard & Hayward on a fair value basis. The charity has taken advantage of the transition arrangements in FRS 102 to treat this value as deemed cost. In 2018, 22 Whitworth road was sold reducing the carrying value of property asset by £787,550 to £1,298,000.

The net book value at 31st July 2020 represents fixed assets used for charitable purposes.

Assets under construction represent costs incurred in the development of the College campus that will be used for a mixture of Charitable and Non-Charitable purposes.

Transfer to current assets represents assets identified for sale that have been reclassified from tangible fixed assets to current assets property to be sold.

SPURGEON'S COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st JULY 2020 (continued)**

8 INVESTMENTS

	General Fund	General Bursary Fund	Pringle Fund	Vectis Fund	Copley Fund	Cudlip Fund	Total
	£	£	£	£	£	£	£
At Valuation							
At 1 st September 2019	100,925	128,112	51,437	192,772	41,430	27,897	542,573
Purchases	19,422	27,944	11,219	42,047	9,037	-	109,669
Disposals	(21,818)	(31,391)	(12,603)	(47,234)	(10,151)	-	(123,197)
Losses	(10,222)	(11,522)	(4,626)	(17,337)	(3,726)	(5,200)	(52,633)
At 31 st July 2020	88,307	113,143	45,427	170,248	36,590	22,697	476,412
Represented by –							
Fixed interest securities	17,987	25,875	10,390	38,935	8,368	-	101,555
Equities	24,280	34,932	14,025	52,563	11,297	-	137,097
Investment & unit trusts	46,040	52,336	21,012	78,750	16,925	22,697	237,760
	88,307	113,143	45,427	170,248	36,590	22,697	476,412
Securities at Historical Cost							
At 1st September 2019	79,561	98,854	39,688	148,745	31,968	28,628	427,444
At 31st July 2020	79,480	98,736	39,641	148,568	31,930	28,628	426,983

All the investments are listed on a recognised Stock Exchange or are ones valued by reference to such investments, such as unit trusts and common investment funds.

9 DEBTORS

	2020	2019
	£	£
a. Amounts falling due within one year		
Trade debtors	191,026	207,098
Loan deposit	-	60,000
Legacy debtor	2,000	36,000
Prepayments	53,446	2,893
	<u>246,472</u>	<u>305,991</u>

SPURGEON'S COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st JULY 2020 (continued)

10 CREDITORS

	2020	2019
	£	£
a. Amounts falling due within one year		
Loan	20,919	1,050,168
Other Creditors & Accruals	221,808	250,644
Taxation and Social Security	20,447	-
Fees received in advance	74,072	55,949
	<u>337,246</u>	<u>1,356,761</u>
b. Amounts falling due after one year		
Loan	<u>2,299,101</u>	<u>312,625</u>

There are two loans: the first is for 15 years, repayable monthly, with interest charged at 300 basis points over the Bank of England base rate and secured by way of fixed charge on 191 South Norwood Hill, the remaining term is 13 years; and the second is interest only for 5 years with interest charged at 500 basis points over the Bank of England base rate and secured by way of fixed charge on the College's site, 189 South Norwood Hill, the remaining term is 4 years. See note 16 for additional information in relation to these loans.

11 RESTRICTED FUNDS

	Fund Balance 1 st September 2019	Income	Expenditure	Fund Balance 31 st July 2020
	£	£	£	£
Frank Fitzsimmonds Bursary Fund	28,200	-	(7,200)	21,000
General Bursary - Income	6,664	3,314	-	9,978
Pringle Bursary - Income	9,291	1,605	-	10,896
Vectis Fund - Income	16,486	4,986	(2,000)	19,472
Copley Fund - Income	6,667	1,072	-	7,739
Lamplighters Bursary	348	22,690	(4,901)	18,137
Conference Communion	174	-	-	174
Nott Fund	414,966	1,496	(4,449)	412,013
Restricted Gifts	21,733	3,420	(8,903)	16,250
Oversea Student	600	-	-	600
Learning Support	4,946	1,030	(4,406)	1,570
Pioneer Project	31,146	-	(24,317)	6,829
Principals fund	800	4,229	(2,641)	2,388
Student Rep	2,286	67	(48)	2,305
Birmingham fund	4,673	-	(4,673)	-
Cudlip income	773	-	-	773
EBA Hardship fund	-	5,000	(2,400)	2,600
Theology of Law Course	-	500	-	500
	<u>549,753</u>	<u>49,409</u>	<u>(65,938)</u>	<u>533,224</u>

Frank Fitzsimmonds Bursary Fund - A bequest given to assist deserving undergraduate students with their course fees whilst in full time training at Spurgeons College for the Baptist Ministry.

Income Funds (General Bursary, Pringle Bursary, Vectis Fund, Copley Fund) - Income derived from the investments held in these Funds (see note 12) is applied to provide assistance with students' fees and charges, or in the case of the Cudlip Legacy, for general College purposes.

Lamplighters Fund - To receive donations from 'Lamplighters' and others who wish to provide direct assistance to students who are unable to pay full fees.

Conference Communion Fund - A pastoral fund, administered by the Principal, established by past and present students of the College for the benefit of colleagues experiencing personal financial difficulties.

Nott Fund - In 1976 Miss Dorothy Nott made a bequest to the College of the residue of her estate for the purpose of helping retired ministers and missionaries who were former students of the College. A property in Beckenham, 7 Glanfield Road, is held for the benefit of retired members of the College.

Home from Home Fund - This fund was established to improve the standard of student accommodation.

Restricted Gift Fund - This includes gifts towards specific projects.

Oversea Student - This fund was established to provide assistance to overseas students.

Learning Support - A fund established to assist students with additional support needs in their studies.

Pioneer Fund - Grant received from the BU Newington Court to cover the writing of a pioneer pathway for ministerial training.

SPURGEON'S COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st JULY 2020 (continued)

Principals Fund-This includes gifts specifically for use at the principles discretion.

Student Rep-A fund established to be used by the student representatives.

Birmingham Fund- Grant received from The Lady Hewley Trust to set up a library in BMS Birmingham.

Cudlip Income- Interest received from the amount invested from the estate of Miss Edith Mary Cudlip who died in March 2008. Under the terms of her will Miss Cudlip left the College a one thirteenth share of the residual estate with the proviso that the amount realised should be invested and the interest received should be used as a donation.

12 ENDOWMENT FUNDS

	Fund Balance 1st September 2019	Investment Management Charges	Investment Losses	Fund Balance 31st July 2020
	£	£	£	£
General Bursary	147,189	(1,801)	(11,522)	133,866
Pringle Bursary	56,065	(723)	(4,626)	50,716
Vectis Fund	196,866	(2,711)	(17,337)	176,818
Copley Fund	42,617	(582)	(3,726)	38,309
Cudlip Legacy	29,897	-	(5,200)	24,697
	<u>472,634</u>	<u>(5,817)</u>	<u>(42,411)</u>	<u>424,406</u>

The income earned on each of these endowments is recorded in the related restricted funds (see note 11).

General Bursary Fund - Income derived from the investments held in this Fund is applied to provide assistance with students' fees and charges.

Pringle Bursary - This fund is an endowment established in memory of David Pringle to provide assistance with fees and charges for a pastoral studies student not otherwise receiving any financial assistance from public funds. Preference is to be given to a student normally resident in the area of the former Lancashire & Cheshire Baptist Association (now the North Western Baptist Association).

The Vectis Fund - This fund is an endowment established in 2003 and added to in 2011 to provide assistance to either :-

- (1) students from the Isle of Wight, Hampshire or Dorset who :-
 - have the insight and ability to develop a strong pastoral role, or
 - are preparing for overseas mission, or
 - are studying on the evangelists' course; or
- (2) exceptional students from overseas who intend to return to their own country.

The Copley Fund - This fund was set up in 2003 by a bequest under the will of Edith Copley in memory of her parents John and Sarah Ann Copley. The object of the bequest was to provide assistance to any persons, with preference given to those from Yorkshire, who wish to study at Spurgeon's College with a view to entering the Baptist ministry, whom the governing body considers would be unable to do so without such assistance.

The Cudlip Legacy - A bequest from the estate of Miss Edith Mary Cudlip who died in March 2008. Under the terms of her will Miss Cudlip left the College a one thirteenth share of the residual estate with the proviso that the amount realised should be invested and the interest received should be used as a donation.

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General	Restricted	Endowment	Total 2020
	£	£	£	£
Tangible fixed assets	1,709,722	386,000	-	2,095,722
Investments	88,307	-	388,105	476,412
Cash at bank and in hand	958,025	147,224	36,301	1,141,550
Other net Current Assets	599,149	-	-	599,149
Long term creditor	(2,299,101)	-	-	(2,299,101)
Provisions for liabilities	(85,962)	-	-	(85,962)
	<u>970,140</u>	<u>533,224</u>	<u>424,406</u>	<u>1,927,770</u>

SPURGEON'S COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st JULY 2020 (continued)

14 STAFF COSTS OF PERMANENT EMPLOYEES

	2020	2019
	£	£
Salaries	898,758	966,599
National Insurance costs	86,746	81,727
Pension costs		
Scottish Life - 18 (20) members	36,764	44,259
Baptist Pension Scheme - 12 (3) members	35,096	30,284
	<u>1,057,364</u>	<u>1,122,869</u>

The average weekly number of employees during the year, calculated on a full-time equivalent basis, was 34 (2019: 41). The Average head count was 47 (2019: 45). No employee received remuneration of more than £60,000 in the current or prior year.

The salary, employer's national insurance and pension contributions paid during the year in respect of the College Principal (who is also a Governor of the college), in respect of his teaching and administrative duties, as authorised by the Articles of Association, amounted to £46,669.

The cost of employment of key management staff which includes Salary, National Insurance and Pension Contributions amounted to £130,055 (2019: £141,995). The key management staff include Vice Principal (Academic Director), Vice Principal (Director of Ministerial Formation) and the Chief Operating Officer.

During the period to 31st July 2020, the College made pension contributions in respect of 17 members of staff (2019: 16) into a defined contribution pension scheme where the assets are held separately from those of the Charity in independently administered funds.

The College also participates, on behalf of another 16 (2019: 16) members of staff, as an employer in the Baptist Pension Scheme ("the Scheme"), which is administered by the Pension Trustee (Baptist Pension Trust Limited). The scheme is a separate legal entity and the assets of the scheme are held separately from those of the Employer and the other participating employers.

For any month, each participating employer in the Scheme pays contributions as set out in the Schedule of Contributions in force at that time.

The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficiency contributions (see below).

The Ministers and members of the staff are eligible to join the Scheme.

From January 2012, pension provision is being made through the Defined Contribution (DC) Plan within the Scheme. In general, members pay 8% of their Pensionable Income and employers pay 6% of members' Pensionable Income into individual pension accounts, which are operated and managed on behalf of the Pension Trustee by Legal and General Life Assurance Society Limited. In addition, the employer pays a further 4% of Pensionable Income to cover Death in Service Benefits, administration costs, and an associated insurance policy which provides income protection for Scheme members in the event that they are unable to work due to long-term incapacity. This income protection policy has been insured by the Baptist Union of Great Britain with Aviva. [Members of the Basic Section pay reduced contributions of 5% of Pensionable Income, and their employers also pay a total of 5%.]

Benefits in respect of service prior to 1st January 2012 are provided through the Defined Benefit (DB) Plan within the Scheme. The main benefits for pre-2012 service were a defined benefit pension of one eightieth of Final Minimum Pensionable Income for each year of Pensionable Service, together with additional pension in respect of premiums paid on Pensionable Income in excess of Minimum Pensionable Income. The Scheme, previously known as the Baptist Ministers' Pension Fund, started in 1925, but was closed to future accrual of defined benefits on 31st December 2011.

SPURGEON'S COLLEGE**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st JULY 2020 (continued)****14 STAFF COSTS OF PERMANENT EMPLOYEES (continued)****Actuarial Valuation as at 31st December 2019**

A formal valuation of the Defined Benefit (DB) Plan was performed at 31st December 2019 by a professionally qualified Actuary using the Projected Unit Method. The market value of the DB Plan assets at the valuation date was £298 million. The valuation of the DB Plan revealed a deficit of assets compared with the value of liabilities of £18 million (equivalent to a past service funding level of 94%). As a result of the valuation, in addition to the contributions to the Defined Contribution Plan set out above, it was agreed that the standard rate of deficiency contributions from churches and other employers involved in the DB Plan will remain at previously agreed levels, increasing each year in line with increases in the Minimum Pensionable Income. The deficiency contributions are broadly based on 12% of Pensionable Income / Minimum Pensionable Income, reflecting each employer's contributions in March 2015. Some employers that were involved in the DB Plan for a short period pay lower contributions. The Trustee and the Council agreed a 50% reduction for all deficiency contributions payable between 1st July 2020 to 31st December 2020.

In addition, the Baptist Union of Great Britain agreed to contribute a lump sum of £0.5m by 31st December 2020. The current Recovery Plan dated 30th September 2020 envisages deficiency contributions continuing until 30th June 2026.

Movement in Balance Sheet liability

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020	2019 (Restated)
	£	£
Balance sheet liability at the start of the year	98,813	113,165
Minus deficiency contributions paid	<u>12,851</u>	<u>14,352</u>
Balance sheet liability at the end of the period	<u>85,962</u>	<u>98,813</u>

The key financial assumptions underlying the valuation were as follows:

Type of assumption	% pa
RPI price inflation assumption	3.20
CPI price inflation assumption	2.70
Minimum Pensionable Income increases (CPI plus .75% pa)	3.20
Assumed investment returns	
Pre-retirement	2.95
Post-retirement	1.70
Deferred pension increases	
Pre April 2009	3.20
Post April 2009	2.50
Pension increases	2.70

The next actuarial valuation of the DB Plan within the scheme is due to take place not later than 31st December 2022.

15 GOVERNORS' REMUNERATION AND LOANS

Governors are not paid for their services as governors (except as regards the College Principal – see note 14 on the previous page). Reimbursements of £1,238 (2019: £1,205) were paid to four governors for directly incurred travel and other expenses. None of the governors had any loans.

16 RELATED PARTY TRANSACTIONS

The College Principal is also a Baptist Union trustee. The College has a £350,000 15yr repayment and £2m 5 yr interest only loan with the Baptist Union Corporation. The 15yr and 5yr loans are secured by way of fixed charge over the College's property 191 South Norwood and 189 South Norwood Hill and interest is charged at the Bank of England Base Rate plus 300 and 500 basis points, respectively. The total amount outstanding as the 31st July 2020 was £320,996 (2019: £331,037) and £1,999,023. The College also received Baptist Union grant money for the year totalling £32,687.

The College received a £10,000 donation from South Eastern Baptist Association, of which the Rev Stuart Davison (Board of Governors Vice Chair) is a regional manager.

The College Principal is remunerated for his role as an employee, further details can be seen in note 14.

17 STATUS OF THE COMPANY

The company is limited by guarantee. The number of members of the Council at the year end was 36 (2019: 40). In the event of a winding-up of the company, the maximum liability of each Council member is £10.

SPURGEON'S COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31st JULY 2020 (continued)**

18 COMMITMENTS UNDER OPERATING LEASES

At 31st July 2020 the college was committed to making the following payments for operating leases:

	2020	2019
Within:	£	£
Less than One Year	22,121	33,273
In two to five years	28,350	40,825
Greater than five years	-	962
	<u>50,471</u>	<u>75,060</u>

19 PRIOR YEAR ADJUSTMENT

A review of the pension deficit funding payments during the year and review of the FRS 102 guidance has resulted in a provision for liability being required, and therefore prior year adjustments have been made to the Statement of Financial Activities and the Balance Sheet. Details of the adjustments are given below:

Statement of financial activities

	2020	2019
	£	£
Balance of Funds at 1st September 2018 as previously stated		2,788,767
Adjustment of provision of pension liability		(113,165)
Balance of Funds at 1st September 2018 as restated		<u>2,675,602</u>
Total expenditure on charitable activities for the year to 31st August 2019 as previously stated		2,209,100
Adjustment for pension deficit payments in the year		(14,352)
Total expenditure on charitable activities for the year to 31st August 2019 as restated		<u>2,194,748</u>
Net movement in funds at 31st August 2019 as previously stated		(115,959)
Adjustment for pension deficit payments in the year		14,352
Net movement in funds at 31st August 2019 as restated		<u>(101,607)</u>
Balance of Funds at 1st September 2019 as previously stated	2,672,808	
Adjustment of provision of pension liability	(98,813)	
Balance of Funds at 1st September 2019 as restated	<u>2,573,995</u>	

Balance Sheet

Provisions for liabilities as previously stated	-
Adjustment of provision of pension liability	(98,813)
Provisions for liabilities as restated	<u>(98,813)</u>

20 POST BALANCE SHEET EVENTS

On 20th August 2020, the College applied for planning permission for five dwellings and a community hall/ church hall on the Raleigh Park Baptist Church site in Brixton. On 4th December 2020, Lambeth Council issued a draft decision notice, pending a final decision notice on 21st January 2021.

The College has received notification of, and is in the process of transferring, a legacy of a house which was in a trust. The value of the house is not known at this time, but is estimated to be circa £450,000