

**The National Society  
(Church of England and Church in Wales)  
for the Promotion of Education**

Annual report and financial statements  
for the year ended 31 December 2020

Registered Charity number 313070

## REFERENCE AND ADMINISTRATIVE INFORMATION

<b>Mission Statement</b>	Deeply Christian, Serving the Common Good.	
<b>Legal structure</b>	Established 1811 Incorporated by Royal Charter Supplemental Charters granted 1934, 1972, 1985, 1987, 1997, 2015	
<b>Patron</b>	Her Majesty The Queen	
<b>Co-Presidents</b>	Archbishop of Canterbury Archbishop of York Archbishop of Wales	
<b>Chairman</b>	Rt Revd Steven Conway, Bishop of Ely (until 15 January 2020) Rt Revd Paul Butler, Bishop of Durham (from 15 January 2020)	
<b>Hon Treasurer</b>	Revd Canon Peter Ballard	
<b>Chief Education Officer</b>	Revd Canon Nigel Genders	
<b>Offices</b>	Church House Great Smith Street London SW1P 3AZ	
<b>Telephone</b>	020 7898 1066	
<b>Email</b>	<a href="mailto:grace.loughran@churchofengland.org">grace.loughran@churchofengland.org</a>	
<b>Website</b>	<a href="http://www.churchofengland.org">www.churchofengland.org</a>	
<b>Auditors</b>	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW	
<b>Bankers</b>	The Royal Bank of Scotland Plc Drummonds Branch 49 Charing Cross London SW1A 2DX	Lloyds Bank Plc 1 Legg Street Essex
<b>Investment Managers</b>	CCLA Ltd Senator House 85 Queen Victoria Street London SW1E 5JL	JM Finn & Co 4 Coleman Street London EC2R 5TA
<b>Solicitors</b>	Lee Bolton Monier-Williams 1 The Sanctuary London SW1P 3JT	

## REFERENCE AND ADMINISTRATIVE INFORMATION

**The Council who served during the year and as at 8 June 2021 are shown below.**

<b>Chair</b>	Rt Revd Steven Conway, Bishop of Ely (until 15 January 2020) Rt Revd Paul Butler, Bishop of Durham (from 15 January 2020)																						
<b>Treasurer</b>	Revd Canon Peter Ballard																						
<b>Other Council members</b>	<table><thead><tr><th><b>Name</b></th><th><b>Appointed / elected by</b></th></tr></thead><tbody><tr><td>Prof Joy Carter</td><td>Archbishops of Canterbury and York</td></tr><tr><td>Professor David Ford</td><td>Archbishops of Canterbury and York</td></tr><tr><td>Ms Sonia McFarlane (until 2 June 2020)</td><td>Archbishops of Canterbury and York</td></tr><tr><td>Rt Revd June Osborne</td><td>Governing Body of Church in Wales</td></tr><tr><td>Canon Simon Lloyd</td><td>Governing Body of Church in Wales</td></tr><tr><td>Canon Sue Witts</td><td>General Synod</td></tr><tr><td>Mrs Rosemary Lyon</td><td>General Synod</td></tr><tr><td>Revd Jeremy Fletcher</td><td>Co-option</td></tr><tr><td>Mrs Marion Plant</td><td>Co-option</td></tr><tr><td>Mr Andrew Smith</td><td>Co-option</td></tr></tbody></table>	<b>Name</b>	<b>Appointed / elected by</b>	Prof Joy Carter	Archbishops of Canterbury and York	Professor David Ford	Archbishops of Canterbury and York	Ms Sonia McFarlane (until 2 June 2020)	Archbishops of Canterbury and York	Rt Revd June Osborne	Governing Body of Church in Wales	Canon Simon Lloyd	Governing Body of Church in Wales	Canon Sue Witts	General Synod	Mrs Rosemary Lyon	General Synod	Revd Jeremy Fletcher	Co-option	Mrs Marion Plant	Co-option	Mr Andrew Smith	Co-option
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Mrs Rosemary Lyon	General Synod																						
Revd Jeremy Fletcher	Co-option																						
Mrs Marion Plant	Co-option																						
Mr Andrew Smith	Co-option																						
<b>Finance and Investment Committee</b>	Revd Canon Peter Ballard ( <i>Chair</i> ) Ms Michelle Brissett (from 17 September 2020) Canon Professor John Bull (died 22 January 2021) Ven. Douglas Dettmer (from 17 September 2020) Revd Canon Nigel Genders Mrs Rosalind Williams																						
<b>Nominations Committee</b>	Revd Canon Peter Ballard ( <i>Chair</i> ) Mrs Marion Plant Revd Canon Nigel Genders																						
<b>Chief Education Officer</b>	Revd Canon Nigel Genders																						
<b>Website</b>	<a href="http://www.churchofengland.org">www.churchofengland.org</a>																						

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Introduction

The National Society (Church of England and Church in Wales) for the Promotion of Education ("the National Society") is a Church of England and Church in Wales education service. It was founded by Royal Charter in 1811, with supplemental Charters in 1934, 1972, 1985, 1987, 1997 and 2015, to provide education for all, firmly based on the Christian Gospel and Anglican principles. The Charter states that:

*"The objects of the Society shall be the promotion, encouragement and support of education in accordance with the principles of the Church of England, in England and in Wales and in any other part of the world where the Church of England or churches in communion with it may be at work. The investments and property and all of the income of the Society shall henceforth be applicable for the general purposes of the Society as herein stated."*

The Trustees present their annual report and financial statements for the year ended 31 December 2020. The financial statements incorporate the National Society's trading subsidiary company, Church of England Educational Services Limited. The Trustees have adopted the provisions of the Charities Statement of Recommended Practice (SORP) (FRS 102).

The financial statements have been prepared in accordance with the accounting policies set out in notes to the financial statements and comply with the charity's Royal Charter, the Charities Act 2011 and Charities SORP (FRS 102).

### Structure, Governance & Management

#### *Organisation and Decision Making*

The National Society Council met four times during the year. One meeting was held in person, but three were held remotely due to ongoing COVID-19 restrictions in 2020.

The Finance and Investment Committee, chaired by the Hon Treasurer, oversees the financial affairs of the Society. It has delegated powers from the Council to scrutinise accounts and make recommendations to the Council, and has responsibility for the management of the Society's investments, receiving reports from the Society's brokers and authorising movement of funds.

The Nominations Committee oversees the appointments to the National Society Council. It meets only when required to fill a Council vacancy or to manage the 5-yearly reconstitution of the Council.

The Society's Solicitors maintained strong links with the Society.

The National Society is one of the National Church Institutions (NCIs) and draws on the expertise and resources of various central services including those relating to Finance & Resources, Human Resources, Office Services and IT, Publishing and the Church of England Records Centre.

Under the 2015 Charter, the National Society Council consists of the following members:

- a) The Chair, appointed by the Archbishops after consultation with the General Synod and Archbishops' Council Appointments Committee.
- b) The Chief Education Officer, appointed by the Chair (who will not be a Trustee, but will have right of attendance).
- c) The Treasurer, appointed by the Chair.
- d) Three Trustees appointed by the Archbishops of Canterbury and York after consultation with the General Synod and Archbishops' Council Appointments Committee
- e) Two Trustees appointed by the Governing Body of the Church in Wales
- f) Two Trustees elected by General Synod
- g) Up to three Trustees co-opted for their skills and expertise.

**Structure, Governance & Management (continued)**

*Organisation and Decision Making (continued)*

Under the Byelaws, with the exception of the 3 Co-Presidents, no person shall be capable of becoming a member of the Council if at the time of their nomination, appointment, election or co-option they have attained the age of seventy-two years.

*Relationships*

The Society has a number of relationships with other bodies through which it co-operates to provide a full range of services to Church Schools in England and Wales, together with international links as appropriate.

In particular, the Society works in close partnership with the Archbishops' Council in all matters relating to education. The majority of posts are jointly funded by the Society and the Archbishops' Council.

The Society acts as Custodian Trustee of St Christopher's Educational Trust (incorporating the Hughes and Stevens Bequest), and appoints three Governors, one of whom is the Chair. The Trust prepares its own accounts for approval by the Governors.

A number of other small trusts are administered by the Society following gifts during the nineteenth century. Separate accounts and Charity Commission returns are made for these trusts. The Society has links with other organisations nationally and internationally to enable it to provide services and resources to benefit the work of Christian Education.

*Trustee Induction and Training*

New Trustees receive full information on the legal basis of the Society and the powers and responsibilities of the Council and its members. The Council was newly constituted in 2015 and when re-constituted, all members of the Council received information about the objects and purposes of the Society.

*Grant Making Policy*

In general terms the National Society is not a grant making trust. However, from time to time the Society makes a limited number of grants to other bodies to enable those recipients to carry out specific work on behalf of the Society.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

*Risk Management*

The Society keeps under review the risks to its work. The Society has the benefit of the expertise of the NCIs' Internal Auditors. Members of the Council review likely risk areas and policies adopted on a regular basis.

Risk area	Key mitigating strategies
Significant reduction in funds available to the Society, whether through poor investment returns or lack of demand for services, leading to failure to meet business plans and objectives	<ul style="list-style-type: none"> <li>• Investments are diversified with two different managers, each investing in a diversified multi-asset portfolio</li> <li>• Performance of fund managers are monitored by the Finance and Investment Committee</li> <li>• Management accounts are monitored by the Finance and Investment Committee to monitor activities against budget and expectations</li> <li>• Regular review of business plan and objectives taking into account available resources</li> </ul>
The Church schools network is out of sync with government education policy and the views or priorities of the wider Church, leading to a fragmented response and reduced resource	<ul style="list-style-type: none"> <li>• Investment in good relationships with major stakeholders</li> <li>• Monitoring of government developments and responding to consultations as necessary</li> <li>• Regular communications with key stakeholders, in particular maintaining information flows with dioceses and schools</li> <li>• Regular reporting to General Synod and House of Bishops</li> </ul>
IT resilience and cyber security threats may adversely impact business continuity and thereby threaten delivery of objectives	<ul style="list-style-type: none"> <li>• A pan-NCI business continuity plan is in place which encompasses IT disaster recovery</li> <li>• Business continuity contingency plans are tested with emergency contact system and remote working day to ensure systems work as expected and flag up any potential issues</li> <li>• A COVID-19 Business Continuity group, which works across all of the NCIs, has been meeting weekly throughout 2020</li> </ul>
Failure to develop the Foundation work such that it is not sustainable	<ul style="list-style-type: none"> <li>• Foundation well established through online community, successful national conference and regional networks</li> <li>• New NPQ programme bid was successful which will expand the reach of the Foundation</li> </ul>

## Objectives and Activities

The objects of the Society are the promotion, encouragement and support of education in accordance with the principles of the Church of England, in England and Wales and in any other part of the world where the Church of England or churches in communion with it may be at work.

The original aim of the National Society, as expressed in its name, was the 'promotion of the education of the poor', and the continuing aim of the Society is to provide education for children from England and Wales. All the activities of the Society are directed towards improving the quality of the education offered in Church of England schools and to making it more widely available.

Today, there are almost 5,000 Church of England and Church in Wales schools, both maintained by local authorities and academies, educating around a million children and young people. In addition, several hundred independent schools, some of them the pioneers of Christian education in the first millennium, have been designated with a Christian or Anglican character. The Church of England provides a quarter of all primary schools and academies, and a growing number of secondary schools and academies.

The Trustees confirm that they have had regard to the guidance contained in the Charity Commission's general guidance on public benefit.

## Achievements and Performance

The National Society supports the mission of the Church of England as the largest single provider of education in England in line with the Church of England's role as the established Church, as well as supporting the development of the Church in Wales's work in education through its Church schools. It oversees the work of the Church of England Education Office on behalf of both the Archbishops' Council and the National Society recognising the priorities and objectives of the Archbishops' Council. The National Society's strategic plan for 2020-2025 is summarised as follows:

*The Church of England Education Office serves the Church's ministry with children and young people in schools, colleges and universities by:*

- i. **Developing leaders** who are called, connected and committed to a vision for education which is deeply Christian, serving the common good*
- ii. **Shaping policy** to promote high quality education for all, particularly the poorest and most disadvantaged*
- iii. **Growing faith** amongst children and young people through churches, schools/colleges and households*

The Society's vision continues to be underpinned by the Church of England Vision for education: deeply Christian, serving the common good, expressed through our key values of: wisdom, knowledge and skills; hope and aspiration; community and living well together; dignity and respect. Church schools continue to play a vital role at the heart of their communities.

With over one million students attending 4,800 schools in England and Wales, the National Society's responsibility is to advance the breadth of work across 12,600 parishes, Diocesan Boards of Education, schools, colleges and 11 Anglican foundation universities. Our vision is to equip a new generation of young people to shape society and contribute meaningfully to an increasingly complex and globalised world.

## 2020 activities

### Developing Leaders

Since publication of our Church of England vision for Education and the launch of the *Church of England Foundation for Educational Leadership* in 2016, work on leadership development has progressed rapidly.

### **Achievements and Performance (continued)**

The Foundation is the mechanism for work on developing leaders and focuses on programmes, networks and research and each of these elements has made considerable progress in 2020 in spite of the significant challenges arising from addressing issues emerging as a result of the global pandemic.

The flagship leadership development programme is currently a nationally accredited national professional qualification for headship (NPQH). It has grown from 70 participants in its first year to 260 participants this year across 9 regions including leaders from every diocese. This makes the Church of England one of the largest providers of NPQH in the country and the quality of our programme is rated very highly. COVID-19 meant we had to switch from face-to-face teaching to online learning, but this transition was managed successfully. The Diocesan Educational Leaders Programme (DELP) and MAT Leaders programmes have also successfully switch to online platforms and learning.

In the final quarter of 2020, the National Society prioritised a significant bid to government to become one of the national providers for national professional qualifications. This will see our leadership programmes develop ten-fold and enable us to offer the whole suite of NPQs in partnership with the Catholic Education Service.

Peer Support Network (PSN) sessions have been the basis of our networking approach to leadership development and have proved valuable to school leaders in over 1000 schools that have joined. These have all pivoted to online delivery since March 2020, focusing on equipping and developing diocesan facilitators in the 16 Dioceses now committed to the PSN (c. 400 schools). Rural Schools Network (c. 250 schools), MAT PSN (c. 300 schools) and National Secondary Leadership Network (c. 70 schools) have all continued to function effectively throughout the pandemic with a particular focus on equipping leaders as they address issues surrounding children's mental health and wellbeing. We have significantly increased our leadership materials support for schools, publishing weekly 'Called, Connected, Committed' mailouts, with over 2000 schools subscribing (up from around 600 pre-COVID-19). These feature resources, reflections and a weekly podcast. In addition, Diocesan Peer Support Networks have begun with 14 Dioceses for clergy/school leaders under the 'Faith at Home' banner, alongside a network for School Chaplains.

Research has been strengthened, supporting a new Rural Teaching Partnership (a new initiative in partnership with Teach First and the Chartered College which will see the Church of England recruit and train 100 new teachers for rural schools in its first year from September 2021) and curating the Foundation's inaugural research conference in November 2020.

Our third national annual Church of England educational leadership conference took place in February 2020 with over 800 delegates, including 150 6<sup>th</sup> form students who form part of the younger leadership stream for our conference. Feedback from the conference is clear that delegates felt inspired by the keynotes and workshops and were better equipped to understand and share the Church of England's vision for education as a result. The challenges of organising an outstanding National Conference for February 2021 are significant, and we decided to postpone for 2020-21 academic year, with the conference to return in February 2022.

### **Shaping Policy (Schools, Further Education and Higher Education)**

The policy work is a vital element of our core business. The fact that the Church of England and Church in Wales provide a quarter of all primary schools and is a statutory provider for 1 million children and young people enables us to have a voice on a range of policy areas. Highlights include the revision of the DBE Measure which is nearing completion as well as a complete reshaping of the way Statutory Inspection of Anglican and Methodist Schools (SIAMS) is managed nationally. The place and future of good Religious Education and Collective Worship in England and Wales continued to be a priority for policy work. A variation to admissions arrangements for schools needed to be put in place as a result of the pandemic.

*Faith in Education*, the Church of England vision for Higher Education was published in March and the vision for Further Education was developed and is due to be published in 2021. Significant work has been undertaken during this year in establishing serious proposals for future work in FE and we look forward to those being implemented in 2021.

## **Achievements and Performance (continued)**

### **Growing Faith**

Our vision for Growing Faith has always been one of influencing wider cultural change within the church so that faith development amongst children and young people is something which embraces the whole of life and where, through partnership between church and school, the role of faith in the home is seen as vitally important. With the rapid change leading to home being the new normal location for everything, we transformed Growing Faith into Faith at Home. Faith at Home was launched in April 2020, and grew dynamically, involving a wide range of resources, activities and networks including school-focused films which were produced in partnership with Oak National Academy. Engagement statistics were very positive and added to the wider digital output of the Church of England.

Growing Faith continues to develop with a network of six Growing Faith Trailblazer Dioceses and 42 diocesan champions and we expect to deliver a significant step-change in Growing Faith resourcing in 2021.

Developing Younger Leaders and hearing the voice of children and young people is a particular priority for the Society and we have formed three national advocacy groups, comprising around 100 young people in each of three age groups – Primary, Secondary and FE (drawn from every diocese). Each of these young people will receive some leadership development training and development alongside being part of our developmental work in relation to Growing Faith and a range of other key developmental issues including input into the wider development of the Church of England's vision and strategy work as well as other issues whereby we wish to gather and centralise the voice of children and young people, such as diversity and inclusion.

### **Future plans**

The main priorities for 2021 will be to implement the nationally integrated system for SIAMS; the launch of a suite of national professional qualifications for school leaders (including establishing extra capacity within the staff team to resource this work), the implementation of recommendations arising from or Vision for Further Education and the development of a Growing Faith Institute to lead the Growing Faith adventure in to its next phase.

## **Financial Review**

### *Investment Strategy, Powers and Restrictions*

The Society's Investment Strategy reflects the long-term nature of the enterprise. With the help of expert professional advisers, reserves are invested in a mixed portfolio of equities, fixed interest securities and property. Ethical considerations are taken into account and the Society follows the advice given by the Church of England Ethical Investment Advisory Group. The investment objective is to maintain the real value of the Society's assets while securing a steady growth in investment income. Both the requirement of prudence and the need for a reliable income flow prompts the Society to invest for "value" rather than "growth".

### *Investment Performance*

2020 saw significant volatility in investment markets as a result of the COVID-19 pandemic, with the suspension of dividends in a number of sectors negatively impacting the income generated from and the market value of the Society's assets. Total stocks and shares investment income fell by £115,976 to £411,463 in 2020, representing an income yield of 3.5% in 2020 (2019: 4.6%). Total losses on the stocks and shares investments were £446,446 (2019: gain of £1,300,142).

During the year the Society has reassessed the value of its investment properties and has booked a revaluation loss of £117,500 in respect of the Great Peter Street property and a revaluation gain in respect of Fairwinds of £72,143, resulting in a net revaluation loss of £45,357.

### *The effectiveness of fund-raising activities*

The Society carried out no general fund-raising activities during 2020 and as a voluntary body the Society relies on investment income, conference and course fees, Diocesan contributions, donations, and legacies to fund its normal activities.

## **Financial Review (continued)**

### *Reserves Policy*

At 31 December 2020, the Society held total reserves of £14,929,727, of which £565,686 was held in restricted funds. Unrestricted reserves totalled £14,364,041, of which £193,333 was designated for specific purposes. The main designation is of £192,311 to spend on the Foundation when the restricted funding for the Foundation is spent. Free reserves were therefore £14,170,708 and excluding the investment balances of £13,435,852 gives free reserves of £734,856.

The Society's target is to hold between three and six months of unrestricted expenditure as free reserves excluding investment balances. This equates to between £234,290 and £468,580. The balance of £734,856 at 31 December 2020 means that the Society currently holds 9 months of unrestricted expenditure in free reserves excluding investment balances. The Society will consider its liquidity requirements in 2021 to bring the free reserves level in line with its target. The Society's investments are held in order to provide a reasonable contribution to operating costs through income and capital gains while maintaining a capital value sufficient to provide a stable financial outlook in the medium term. Having considered all relevant factors, including the present benefit from the contribution to operating costs and ensuring inter-generational equity without accumulating excessive reserves, the Society believes that it should hold between fifteen and twenty years of unrestricted expenditure, excluding expenditure on trading activities, in investments. This is between £8.4m and £11.1m. The current investment balances of £13.4m are in excess of this amount, and the Society has identified ways in which it could use its capital resources to further the objectives of the Society in the shorter term.

### *Going concern*

The Society meets the costs of its activities primarily from investment income, charges for services provided by the Society or its subsidiary Church of England Educational Services Limited, and from donations for specific projects. The Society prepares annual budgets and regular re-forecasts, and considers the longer term impact of its financial decisions when the budgets are set.

The Society has considered the key risks and uncertainties which impact on immediate liquidity and long term solvency. These include the general liquidity of the investment portfolio, including cash held in deposit accounts, the bid to become a national provider of National Professional Qualifications, and demand for services provided by the Society or its subsidiary. The Society has also considered the continuing impact of the COVID-19 pandemic on its operations, particularly with reference to the contingency plans it has put in place to respond to the emergency.

Having due regard to the above, the trustees have reasonable expectation that the Society has adequate resources to meet its spending commitments as they fall due for the foreseeable future. Accordingly, the going concern basis of accounting in preparing the annual report and financial statements continues to be adopted.

## **Staff remuneration and executive pay**

All the staff of the National Society are covered by a unified pay policy that operates across all the NCIs. The policy is designed to ensure the same level of pay for all staff in posts with work of equal value based on eight bands. For certain staff with specialist skills, typically those whose role requires them to hold a professional qualification, a market adjustment may be applied, the value of which is determined by reference to the lower quartile and median of market related salaries and is subject to annual review.

Staff pay is reviewed annually and any increases as a result of the annual pay negotiations are awarded with effect from 1 January. The NCIs are an accredited Living Wage employer and ensure all staff including apprentices, interns and those on training schemes receive the appropriate living wage for their location.

The role of the Chief Executive and Deputy Chief Executives sit outside the banding system, as the skill sets required to fulfil the roles are not readily measured within the NCIs' standard job evaluation system. Salaries for these roles are set individually with reference to the wider marketplace. This process is overseen by the Remuneration Committee, comprising senior trustees from each of the main NCIs. In general, these staff can expect the same percentage annual uplift for cost of living as those on the NCI bands.

## **Plans for future periods**

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

We continue to respond to changing education policy whilst maintaining a clear focus on things of fundamental importance for the development of children and young people in statutory and voluntary settings. Regular support has continued, demonstrating the Society's vital role in promoting the Church's place in the national education system, including:

- The development of visionary leadership and networks and programmes to support the development of educational leaders.
- Continued discussion with ministers, negotiation with the Department for Education, including over arrangements for academy conversions, trusts and other collaborative arrangements.
- Improved and new relationships with ministers and other organisations active in the FE and HE sector, ensuring input into a wide range of policy areas.
- Support for individual dioceses in strategic development.
- Support for DBEs as they develop their academies structures and services.
- Support for dioceses reviewing their arrangements to support chaplaincy in FE and HE and individual chaplaincy audits and advice for colleges and universities.
- Availability of National Society contracts of employment for all school staff.
- Administration of all denominational inspection (SIAMS), especially introducing a new framework and through the provision of initial and ongoing training of SIAMS inspectors.
- Responding on behalf of the Church of England to government consultations and to other national agency contacts.
- Supporting school chaplains and working with other organisations to provide training and professional development.
- Ensuring the preservation of the archive of the Church of England's work in education, including the records of many Church schools and colleges.

### Trustee responsibilities in relation to the financial statements

As trustees, Council members are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales requires the Council to prepare financial statements each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently.
- Observe the methods and principles of the Charities Statement of Recommended Practice.
- State whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements.
- Make judgements and estimates that are reasonable and prudent.
- Prepare financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

They are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the National Institutions Measure 1998. They are also responsible for safeguarding the assets of the Archbishops' Council and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was authorised for issue by the Council on 8 June 2021 and signed on its behalf by:

***Paul Butler***

Paul Butler (Aug 11, 2021 12:36 GMT+1)

**Rt Revd Paul Butler**  
**Chairman**

***P J Ballard***

P J Ballard (Aug 11, 2021 12:38 GMT+1)

**Revd Canon Peter Ballard**  
**Honorary Treasurer**

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE NATIONAL SOCIETY (CHURCH OF ENGLAND AND CHURCH IN WALES) FOR THE PROMOTION OF EDUCATION

## Opinion

We have audited the financial statements of The National Society (Church of England and Church in Wales) for the Promotion of Education ('the charity') and its subsidiaries ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2020 and of the group's/its 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 Charities Act 2011.

## 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 / 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.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE NATIONAL SOCIETY (CHURCH OF ENGLAND AND CHURCH IN WALES) FOR THE PROMOTION OF EDUCATION

- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 8, 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 and the parent 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**

We have been appointed as auditor under Section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulations, Health and Safety legislation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Investment Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE NATIONAL SOCIETY (CHURCH OF ENGLAND AND CHURCH IN WALES) FOR THE PROMOTION OF EDUCATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Crowe U.K. LLP*

**Crowe U.K. LLP**  
Statutory Auditor

London

Date 18th August 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated	Notes	Unrestricted Funds £	Restricted Funds £	2020 Total £	Unrestricted Funds £	Restricted Funds £	2019 Total £
<b>Income from:</b>							
Donations and legacies		10,005	128,612	<b>138,617</b>	727	20,000	<b>20,727</b>
Charitable activities	3	-	170,050	<b>170,050</b>	141,299	998,225	<b>1,139,524</b>
Other trading activities		674,243	-	<b>674,243</b>	597,008	-	<b>597,008</b>
Investments	2	463,473	389	<b>463,862</b>	573,173	14	<b>573,187</b>
Other income	4	<u>5,886</u>	-	<b>5,886</b>	<u>6,244</u>	<u>5,625</u>	<b>11,869</b>
<b>Total income</b>		<b>1,153,607</b>	<b>299,051</b>	<b>1,452,658</b>	<b>1,318,451</b>	<b>1,023,864</b>	<b>2,342,315</b>
<b>Expenditure on:</b>							
Raising funds		42,138	-	<b>42,138</b>	45,245	-	<b>45,245</b>
Charitable activities	5	514,946	488,808	<b>1,003,754</b>	479,710	791,322	<b>1,271,032</b>
Other trading expenditure		<u>380,075</u>	-	<b>380,075</b>	<u>481,057</u>	-	<b>481,057</b>
<b>Total expenditure</b>		<b>937,159</b>	<b>488,808</b>	<b>1,425,967</b>	<b>1,006,012</b>	<b>791,322</b>	<b>1,797,334</b>
<b>Net income before gains/(losses) on investments</b>		<b>216,448</b>	<b>(189,757)</b>	<b>26,691</b>	<b>312,439</b>	<b>232,542</b>	<b>544,981</b>
Gains/(losses) on investments	10	<u>(491,803)</u>	-	<b>(491,803)</b>	<u>1,300,142</u>	-	<b>1,300,142</b>
<b>Net income (expenditure)</b>		<b>(275,355)</b>	<b>(189,757)</b>	<b>(465,112)</b>	<b>1,612,581</b>	<b>232,542</b>	<b>1,845,123</b>
<b>Transfers between funds</b>	15	<b>(12,650)</b>	<b>12,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>							
Actuarial gains/ (losses) on defined benefit schemes		-	-	-	<u>52,000</u>	-	<b>52,000</b>
<b>Net movement in funds</b>		<b>(288,005)</b>	<b>(177,107)</b>	<b>(465,112)</b>	<b>1,664,581</b>	<b>232,542</b>	<b>1,897,123</b>
Total funds at 1 January:		14,652,046	742,793	<b>15,394,839</b>	12,987,465	510,251	<b>13,497,716</b>
<b>Total funds at 31 December</b>		<b><u>14,364,041</u></b>	<b><u>565,686</u></b>	<b><u>14,929,727</u></b>	<b><u>14,652,046</u></b>	<b><u>742,793</u></b>	<b><u>15,394,839</u></b>

The balances for both financial years relate to continuing operations.

The notes 1 to 17 form part of these Financial Statements

CONSOLIDATED AND CHARITY BALANCE SHEETS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Charity	
		2020 Total £	2019 Total £	2020 Total £	2019 Total £
<b>Fixed assets</b>					
Investment property	10	<b>1,817,500</b>	1,862,857	<b>1,817,500</b>	1,862,857
Investments	10	<b><u>11,618,352</u></b>	<u>12,104,280</u>	<b><u>11,618,452</u></b>	<u>12,104,380</u>
		<b>13,435,852</b>	13,967,137	<b>13,435,952</b>	13,967,237
<b>Current assets</b>					
Debtors	11	<b>235,929</b>	146,191	<b>160,716</b>	80,457
Cash & cash equivalents		<b><u>1,592,512</u></b>	<u>1,800,184</u>	<b><u>1,195,464</u></b>	<u>1,624,066</u>
		<b>1,828,441</b>	1,946,375	<b>1,356,180</b>	1,704,523
<b>Liabilities</b>					
Creditors: amounts falling due within one year	12	<b><u>(334,566)</u></b>	<u>(518,673)</u>	<b><u>(76,438)</u></b>	<u>(381,411)</u>
<b>Net current assets</b>		<b>1,493,875</b>	1,427,702	<b>1,279,742</b>	1,323,112
<b>Total net assets</b>		<b><u>14,929,727</u></b>	<u>15,394,839</u>	<b><u>14,715,694</u></b>	<u>15,290,349</u>
<b>The funds of the charity:</b>					
Restricted funds		565,686	742,793	565,686	742,793
Unrestricted funds:					
. Designated funds		193,333	193,333	193,333	193,333
. General funds		<u>14,170,708</u>	<u>14,458,713</u>	<u>13,956,675</u>	<u>14,354,223</u>
<b>Total funds</b>	13	<b><u>14,929,727</u></b>	<u>15,394,839</u>	<b><u>14,715,694</u></b>	<u>15,290,349</u>

The notes 1 to 17 form part of these Financial Statements

Approved and authorised for issue by the Council on 8 June 2021 and signed on its behalf by:

***Paul Butler***

Paul Butler (Aug 11, 2021 12:36 GMT+1)

**Rt Revd Paul Butler  
Chairman**

***P J Ballard***

P J Ballard (Aug 11, 2021 12:38 GMT+1)

**Revd Canon Peter Ballard  
Honorary Treasurer**

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Net (expenditure)/ income for the year (as per the statement of financial activities)</b>		<b>(465,112)</b>	1,897,123
Investment income	2	<b>(463,852)</b>	(573,187)
Losses/(gains) on investments	10	<b>491,803</b>	(1,300,142)
(Decrease) in creditors	12	<b>(184,107)</b>	(102,077)
(Increase) in debtors	11	<b>(89,738)</b>	<u>(108,148)</u>
<b>Net cash flow used in operating activities</b>		<b>(711,006)</b>	(186,431)
<b>Cash flows from investing activities</b>			
Investment income received	2	<b>463,852</b>	573,187
Purchase of investments	10	<b>(910,967)</b>	(726,979)
Sales of investments	10	<b>933,330</b>	<u>739,746</u>
<b>Net cash flow provided by / (used in) investing activities</b>		<b>486,215</b>	585,954
Change in cash and cash equivalents in the year		<b>(224,791)</b>	399,523
Cash and cash equivalents at 1 January 2020		<u><b>1,856,900</b></u>	<u>1,457,377</u>
<b>Cash and cash equivalents at 31 December 2020</b>		<u><b>1,632,109</b></u>	<u>1,856,900</u>
<b>Analysis of cash and cash equivalents</b>			
Cash at bank and in hand		<b>1,592,512</b>	1,800,184
Cash held by investment managers	10	<u><b>39,597</b></u>	<u>56,716</u>
		<u><b>1,632,109</b></u>	<u>1,856,900</u>

The Society has no debt and therefore the reconciliation in cash and cash equivalents also represents the analysis of changes in net debt.

The notes 1 to 17 form part of these Financial Statements

## 1. ACCOUNTING POLICIES

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 UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The National Society meets the definition of a public benefit entity under FRS 102.

The National Society has taken advantage of the exemption in FRS102 from the requirement to prepare a Charity cash flow statement.

The subsidiary company has been consolidated on a line-by-line basis.

### Going concern

The Society meets the costs of its activities primarily from investment income, charges for services provided by the Society or its subsidiary Church of England Educational Services Limited, and from donations for specific projects. The Society prepares annual budgets and regular re-forecasts, and considers the longer term impact of its financial decisions when the budgets are set.

The Society has considered the key risks and uncertainties which impact on immediate liquidity and long term solvency. These include the general liquidity of the investment portfolio, including cash held in deposit accounts, the bid to become a national provider of National Professional Qualifications, and demand for services provided by the Society or its subsidiary. The Society has also considered the continuing impact of the COVID-19 pandemic on its operations, particularly with reference to the contingency plans it has put in place to respond to the emergency.

Having due regard to the above, the trustees have reasonable expectation that the Society has adequate resources to meet its spending commitments as they fall due for the foreseeable future. Accordingly, the going concern basis of accounting in preparing the annual report and financial statements continues to be adopted.

### Income

Income is recognised in the period in which the charity is entitled to the income and the amount can be measured reliably and it is probable that the income will be received.

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised when receivable and the amount can be measured reliably and dividend and rent income is recognised as the charity's right to receive payment is established.

### Resources expended and basis of allocation of costs

Expenditure, including the related irrecoverable VAT, is accounted for on the accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure.

Most costs are directly attributable to specific activities. Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs & administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been apportioned on the basis of time spent on various activities.

## 1. ACCOUNTING POLICIES (continued)

### Investment property

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in 'net gains / (losses) on investments' in the statement of financial activities.

### Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the statement of financial activities if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

### Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

### Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in statement of financial activities unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

### Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

### Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The National Society participates in two pension schemes for the benefit of its employees - the Defined Benefit Pension Scheme (DBS), which is one section of the Church Workers Pension Fund and the Church Administrators Pension Fund which is split into two sections. For employees who joined before 1 July 2006 there is a Defined Benefits Section and for those joining after that date there is a Money Purchase Section. For further details please see note 9.

### Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of the designated funds is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## 1. Accounting policies (continued)

### Judgements and key sources of estimation uncertainty

The National Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

#### Investment properties:

The Society carries its investment properties at fair value being recognised in the Statement of Financial Activities. See note 10 for more information.

#### Expenditure allocations:

Expenditure is apportioned where it relates to more than one cost category (see note 5).

## 2. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	2020	2019
	£	£	£	£
Interest receivable	7,010	389	7,399	748
Dividends receivable	411,463	-	411,463	527,439
Rents receivable	45,000	-	45,000	45,000
<b>Total</b>	<u>463,473</u>	<u>389</u>	<u>463,862</u>	<u>573,187</u>

## 3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds	Restricted funds	2020	2019
	£	£	£	£
Inspectors fees	-	-	-	1,710
Conference income	-	-	-	8,280
Schools work	-	-	-	123,518
Section 48 inspections	-	170,050	170,050	468,225
Foundation project	-	-	-	522,791
RE, CW & Character Working Group	-	-	-	15,000
<b>Total</b>	<u>-</u>	<u>170,050</u>	<u>170,050</u>	<u>1,139,524</u>

## 4. OTHER INCOME

	Unrestricted funds	Restricted funds	2020	2019
	£	£	£	£
Government grants	5,842	-	5,842	6,634
Royalties received	44	-	44	5,235
<b>Total</b>	<u>5,886</u>	<u>-</u>	<u>5,886</u>	<u>11,869</u>

## 5. ANALYSIS OF CHARITABLE EXPENDITURE

	Direct costs	Support costs	2020	2019
	£	£	£	£
Shaping Policy	418,324	156,205	574,529	626,955
Developing Leaders	289,064	140,161	429,225	644,077
<b>Total</b>	<u>707,388</u>	<u>296,366</u>	<u>1,003,754</u>	<u>1,271,032</u>

**6. ANALYSIS OF SUPPORT COSTS**

	<b>2020</b>	2019
	£	£
Staff costs	<b>87,796</b>	84,301
Shared service costs	<b>65,397</b>	23,707
Archiving costs	<b>38,853</b>	37,869
Office rent	<b>34,066</b>	35,615
Audit fees	<b>13,800</b>	10,000
Accountancy fees	-	3,340
Committee expenses	<b>1,834</b>	3,392
Legal fees	<b>20,774</b>	-
Trustees' indemnity insurance	<b>878</b>	2,042
Other	<b>32,968</b>	48,913
<b>Total</b>	<b><u>296,366</u></b>	<u>249,179</u>

All support costs are allocated to charitable activities because any allocation between raising funds and charitable activities is immaterial.

Included in total committee expenses is £1,675 (2019: £2,719) which had been reimbursed to individual council members in respect of travelling and incidental expenses. Trustee indemnity insurance of £878 (2019: £2,042) was paid by the Society. The Honorary Treasurer has chosen not to draw an honorarium.

**7. STAFF COSTS**

The cost of staff employed by the National Society for the year ended 31 December 2020 is as below:

	<b>2020</b>	2019
	£	£
Gross salaries	<b>405,839</b>	466,456
National insurance	<b>46,735</b>	49,109
Pension costs	<b>58,672</b>	68,678
<b>Total</b>	<b><u>511,246</u></b>	<u>584,243</u>

	<b>2020</b>	2019
Average headcount	<b>11</b>	13

Included within these costs is £1,790 (2019: £nil) termination costs in relation to one (2019: zero) employee. The charity considers its key management personnel to consist of the Chief Education Officer and the Deputy Education Officers. During the year the National Society contributed £241,900 (2019: £205,024) in relation to its share of their employee benefits. There was 1 employee (2019: 1) who was paid between £60,001 and £70,000 in relation to work carried out for the National Society.

**8. CHURCH OF ENGLAND EDUCATIONAL SERVICES LIMITED**

	2020	2019
	£	£
Turnover	674,529	622,865
Cost of sales	<u>(460,496)</u>	<u>(518,374)</u>
Profit before taxation	214,033	104,491
Tax on profit	-	-
Charitable donation	<u>(104,491)</u>	<u>(49,554)</u>
Profit for the financial year	<u>109,542</u>	<u>54,937</u>

Church of England Educational Services Limited is a trading subsidiary incorporated in England and Wales where the National Society own all 100 £1 ordinary shares. It undertakes a similar activity to the parent. A summary of the trading results are shown above. Audited financial statements have been filed with the Registrar of Companies. The distributable net profit has now been distributed to the National Society as a charitable donation under gift aid.

**9. PENSIONS**

The National Society participates in two separate pension schemes operated by the Church of England Pensions Board:- the Church of England Defined Benefit Pension Scheme (DBS) (which is one section of the Church Workers Pension Fund) and the Church Administrators Pension Fund which is split into two sections, a defined benefits section and a money purchase section.

**Church of England Defined Benefit Pension Scheme (DBS)**

This is part of the Church Workers Pension Fund and is operated in respect of staff who joined The National Society before 1 January 2000.

The National Society is unable to identify its share of the underlying assets and liabilities of the DBS as each participating employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. A valuation of the Fund was carried out as at 31 December 2010 and The National Society's future contribution rate was revised with effect from 1 April 2012 and a deficit recovery plan was introduced from the same date. The last fund valuation carried out yields an estimated outstanding deficit at 31 December 2016 of £26,700. Investigations carried out since the last report have identified that some employees previously identified as employees of the National Society were employed under the joint employer arrangements operated by the National Church Institutions (NCIs).

**Church Administrators Pension Fund (CAPF)**

The National Society, in line with all other National Church Institutions, is now required to contribute towards Church Administrators Pension Fund (CAPF) in respect of staff not included in the DBS and to the overall deficit in the CAPF defined benefit section.

The **Defined Benefit Section** is for members who joined the Fund before 1 July 2006. Each participating employer in the section pays contributions at a common contribution rate applied to their members' Pensionable Salaries.

The Defined Benefit Section is considered to be a multi-employer, last man standing defined benefit pension scheme, as described in Section 28 of FRS 102. The Employer is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with current and former employees of other entities participating in the scheme. 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 the figures highlighted in the table below as being recognised in the SoFA. A valuation of this section is carried out every three years, the most recent having been at 31 December 2019. This revealed a deficit of £9.1m

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

Following the valuation, the employers have collectively entered into an agreement with CAPF to continue to pay contributions of 19.1% of Pensionable Salaries, increasing to 27.6% of Pensionable Salaries with effect from 1 January 2021. The employers have also agreed to make deficit payments of £2,846,698 pa as at 1 January 2020, decreasing to £2,400,000 from 1 January 2021 until December 2023. These deficit contributions are made by each employer in proportion to Pensionable Salaries of those in the Defined Benefit Section. In addition, the employers have agreed to pay £390,000 pa towards expenses until 31 December 2020, increasing to £500,000 per annum from 1 January 2021.

The movement in the provision is set out below:

	2020	2019
	£	£
Balance sheet liability at 1 January	-	72,000
Deficit contributions paid	-	(20,000)
Interest cost (SoFA)	-	1,000
Change in balance sheet liability	-	(53,000)
<b>Balance sheet liability at 31 December</b>	<u>-</u>	<u>-</u>

**10. INVESTMENTS**

Group	Property Investments		2020	Property Investments		2019
	£	£		£	£	
Market value at 1 January	1,862,857	12,047,564	<b>13,910,421</b>	1,862,857	10,760,189	12,623,046
Disposals	-	(933,330)	<b>(933,330)</b>	-	(739,746)	(739,746)
Acquisitions	-	910,967	<b>910,967</b>	-	726,979	726,979
Gain/ (loss) on revaluation	<u>(45,357)</u>	<u>(446,446)</u>	<b><u>(491,803)</u></b>	-	<u>1,300,142</u>	<u>1,300,142</u>
<b>Market value at 31 December</b>	1,817,500	11,578,755	<b>13,396,255</b>	1,862,857	12,047,564	13,910,421
Cash held by investment manager	-	39,597	<b>39,597</b>	-	56,716	56,716
<b>Total investment balances</b>	<u>1,817,500</u>	<u>11,618,352</u>	<b><u>13,435,852</u></b>	<u>1,862,857</u>	<u>12,104,280</u>	<u>13,967,137</u>
<b>Historical cost at 31 December</b>	30,327	8,177,372	<b>8,207,699</b>	30,327	8,571,622	8,601,949

All investment assets were held in the United Kingdom. The trustees consider that there are two material investment holdings at 31 December 2020:

	2020	2019
	£	£
CCLA CBF Investment Fund	<b>1,085,483</b>	1,017,657
CCLA CBF Property Fund	<b>883,655</b>	944,480

Charity	Unlisted investments		Property Investments	2020
	£	£		
Market value at 1 January 2020	100	1,862,857	12,047,564	<b>13,910,521</b>
Disposals	-	-	(933,330)	<b>(933,330)</b>
Acquisitions	-	-	910,967	<b>910,967</b>
Gain/ (loss) on revaluation	-	<u>(45,357)</u>	<u>(446,446)</u>	<b><u>(491,803)</u></b>
<b>Market value at 31 December 2020</b>	100	1,817,500	11,578,755	<b>13,396,355</b>
Cash held by investment manager	-	-	39,597	<b>39,597</b>
<b>Total investment balances</b>	<u>100</u>	<u>1,817,500</u>	<u>11,618,352</u>	<b><u>13,435,952</u></b>
Historical cost at 31 December	100	30,327	8,177,372	<b>8,207,799</b>

**10. INVESTMENTS (continued)**

<b>Charity</b>	Unlisted investments £	Property £	Investments £	<b>2019</b> £
Market value at 1 January 2019	100	1,862,857	10,760,189	<b>12,623,146</b>
Disposals	-	-	(739,746)	<b>(739,746)</b>
Acquisitions	-	-	726,979	<b>726,979</b>
Gain/ (loss) on revaluation	-	-	<u>1,300,142</u>	<u><b>1,300,142</b></u>
<b>Market value at 31 December 2019</b>	<b>100</b>	<b>1,862,857</b>	<b>12,047,564</b>	<b>13,910,521</b>
Cash held by investment manager	-	-	<u>56,716</u>	<u><b>56,716</b></u>
<b>Total investment balances</b>	<u><b>100</b></u>	<u><b>1,862,857</b></u>	<u><b>12,104,280</b></u>	<u><b>13,967,237</b></u>
Historical cost at 31 December 2019	100	30,327	8,571,622	<b>8,602,049</b>

Unlisted investments are as below:

	<b>Registered Office</b>	<b>Class of shares held</b>	<b>Holding direct</b>	<b>Nature of business</b>
Church of England Educational Services	England	Ordinary	100%	Education

**11. DEBTORS**

	<b>Group</b> <b>2020</b> £	2019 £	<b>Charity</b> <b>2020</b> £	2019 £
<i>Amounts due within one year:</i>				
Other taxation & social security	-	6,321	-	-
Prepayments & accrued income	<b>32,919</b>	78,329	<b>32,919</b>	22,962
Trade debtors	<b>203,010</b>	60,132	<b>49,822</b>	15,966
Other debtors	-	1,409	-	1,409
Amounts due from subsidiary	-	-	<u><b>77,975</b></u>	<u>40,120</u>
	<u><b>235,929</b></u>	<u>146,191</u>	<u><b>160,716</b></u>	<u>80,457</u>

**12. CREDITORS**

	Group		Charity	
	2020	2019	2020	2019
<i>Amounts due within one year:</i>	£	£	£	£
Accrued expenditure	<b>49,988</b>	103,799	<b>26,980</b>	74,831
Other taxation and social security	<b>132,438</b>	-	-	-
Deferred income	<b>88,604</b>	213,255	-	170,050
Trade creditors	<b>62,350</b>	201,619	<b>48,272</b>	136,530
Other creditors	<b>1,186</b>	-	<b>1,186</b>	-
	<b><u>334,566</u></b>	<u>518,673</u>	<b><u>76,438</u></b>	<u>381,411</u>

**Reconciliation of deferred income**

	2019
	£
Deferred at 1 January 2020	213,255
Released during the year	(213,255)
Deferred during the year	<u>88,604</u>
Deferred at 31 December 2020	<u><b>88,604</b></u>

**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 December 2020 are represented by:

Group	Unrestricted funds	Restricted funds	2020	Unrestricted funds	Restricted funds	2019
	£	£	£	£	£	£
Fixed assets	13,435,852	-	<b>13,435,852</b>	13,967,137	-	13,967,137
Current assets	1,262,755	565,686	<b>1,828,441</b>	1,203,582	742,793	1,946,375
Current liabilities	(334,566)	-	<b>(334,566)</b>	(518,673)	-	(518,673)
Non current liabilities	-	-	-	-	-	-
<b>Total net assets</b>	<u><b>14,364,041</b></u>	<u><b>565,686</b></u>	<u><b>14,929,727</b></u>	<u><b>14,652,046</b></u>	<u><b>742,793</b></u>	<u><b>15,394,839</b></u>

  

Charity	Unrestricted funds	Restricted funds	2020	Unrestricted funds	Restricted funds	2019
	£	£	£	£	£	£
Fixed assets	13,435,952	-	<b>13,435,952</b>	13,967,237	-	13,967,237
Current assets	790,494	565,686	<b>1,356,180</b>	961,730	742,793	1,704,523
Current liabilities	(76,438)	-	<b>(76,438)</b>	(381,411)	-	(381,411)
Non current liabilities	-	-	-	-	-	-
<b>Total net assets</b>	<u><b>14,150,008</b></u>	<u><b>565,686</b></u>	<u><b>14,715,694</b></u>	<u><b>14,547,556</b></u>	<u><b>742,793</b></u>	<u><b>15,290,349</b></u>

**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

Reconciliation of movements in unrealised gains on investment assets:

Group	Unrestricted	2020	Unrestricted	2019
	funds		funds	
	£	£	£	£
Unrealised gains at 1 January	5,365,188	<b>5,365,188</b>	4,085,209	<b>4,085,209</b>
Realised gains in respect of disposals	<u>354,858</u>	<b><u>354,768</u></b>	<u>(20,163)</u>	<b><u>(20,163)</u></b>
	5,720,046	<b>5,719,956</b>	4,065,046	<b>4,065,046</b>
Net gain arising on revaluations	<u>(491,803)</u>	<b><u>(491,803)</u></b>	<u>1,300,142</u>	<b><u>1,300,142</u></b>
<b>Unrealised gains at 31 December</b>	<b><u>5,228,243</u></b>	<b><u>5,228,153</u></b>	<b><u>5,365,188</u></b>	<b><u>5,365,188</u></b>

Charity	Unrestricted	2020	Unrestricted	2019
	funds		funds	
	£	£	£	£
Unrealised gains at 1 January	5,365,188	<b>5,365,188</b>	4,085,209	<b>4,085,209</b>
Realised gains in respect of disposals	<u>354,858</u>	<b><u>354,768</u></b>	<u>(20,163)</u>	<b><u>(20,163)</u></b>
	5,720,046	<b>5,719,956</b>	4,065,046	<b>4,065,046</b>
Net gain arising on revaluations	<u>(491,803)</u>	<b><u>(491,803)</u></b>	<u>1,300,142</u>	<b><u>1,300,142</u></b>
<b>Unrealised gains at 31 December</b>	<b><u>5,228,243</u></b>	<b><u>5,228,153</u></b>	<b><u>5,365,188</u></b>	<b><u>5,365,188</u></b>

**14. UNRESTRICTED FUNDS**

The movements on the unrestricted funds of the Group are as follows:

	Balance as at 1 January 2020	Income	Expenditure	Other movements	Balance as at 31 December 2020
	£	£	£	£	£
General Fund	14,458,713	1,153,607	(937,159)	(504,453)	<b>14,170,708</b>
Designated funds:					
– SIAMS	1,022	-	-	-	<b>1,022</b>
– Foundation project	<u>192,311</u>	-	-	-	<b><u>192,311</u></b>
<b>Total</b>	<b><u>14,652,046</u></b>	<b><u>1,153,607</u></b>	<b><u>(918,751)</u></b>	<b><u>(504,453)</u></b>	<b><u>14,364,041</u></b>

	Balance as at 1 January 2019	Income	Expenditure	Other movements	Balance as at 31 December 2019
	£	£	£	£	£
General Fund	12,801,845	2,688,658	(1,031,790)	-	<b>14,458,713</b>
Designated funds:					
SIAMS	1,022	-	-	-	<b>1,022</b>
– Foundation project	<u>184,598</u>	<u>7,791</u>	<u>(78)</u>	-	<b><u>192,311</u></b>
<b>Total</b>	<b><u>12,987,465</u></b>	<b><u>2,696,449</u></b>	<b><u>(1,031,868)</u></b>	<b><u>-</u></b>	<b><u>14,652,046</u></b>

The designated funds are held for the following purposes:

**Designated fund – SIAMS** To develop future Statutory Inspection of Anglican & Methodist Schools (SIAMS) training courses.

**Designated fund – Foundation project** This represents the unrestricted part of the Foundation Project which aims to renew the Church's place in a rapidly changing education system by equipping leaders of the future with understanding, skills and character to deliver a transformational education.

Both are expected to be spent within the following year.

**15. RESTRICTED FUNDS**

The income funds of the Society include restricted funds comprising the following unexpended balances of grants held as funds to be applied for specific purposes:

	Balance as at 1 January 2020	Income	Expenditure	Transfers	Balance as at 31 December 2020
	£	£	£	£	£
Foundation	360,543	15,083	(326,426)	-	<b>49,200</b>
S48 School Inspections	43,070	170,356	(130,250)	-	<b>83,176</b>
RE, CW & Character Working Group	114,801	15,000	(12,175)	-	<b>117,626</b>
Fresh Voices	41,565	-	-	-	<b>41,565</b>
Unlocking Gifts	17,800	-	-	-	<b>17,800</b>
Living Well Together	4,404	-	-	-	<b>4,404</b>
CSoF: Church School of the Future	41,371	-	-	-	<b>41,371</b>
Resourcing School Worship	5,815	-	-	-	<b>5,815</b>
Big Story App	90,014	-	-	-	<b>90,014</b>
Free Schools Project	20,910	-	(2,465)	-	<b>18,445</b>
Admissions Builder	2,500	-	(15,150)	12,650	-
Rural Schools Network	-	35,000	(2,342)	-	<b>32,658</b>
Big Questions in the Classroom	-	63,612	-	-	<b>63,612</b>
	<u>742,793</u>	<u>299,051</u>	<u>(488,808)</u>	<u>12,650</u>	<u><b>565,686</b></u>

	Balance as at 1 January 2019	Income	Expenditure	Transfers	Balance as at 31 December 2019
	£	£	£	£	£
Foundation	182,416	520,626	(342,499)	-	<b>360,543</b>
S48 School Inspections	-	468,225	(425,155)	-	<b>43,070</b>
RE, CW & Character Working Group	108,816	15,000	(9,015)	-	<b>114,801</b>
Fresh Voices	41,760	-	(195)	-	<b>41,565</b>
Unlocking Gifts	17,800	-	-	-	<b>17,800</b>
Living Well Together	4,404	-	-	-	<b>4,404</b>
CSoF: Church School of the Future	41,396	-	(25)	-	<b>41,371</b>
National Governance Resources	634	-	(634)	-	-
Resourcing School Worship	5,815	-	-	-	<b>5,815</b>
Big Story App	80,000	20,014	(10,000)	-	<b>90,014</b>
Free Schools Project	24,710	-	(3,800)	-	<b>20,910</b>
Admissions Builder	2,500	-	-	-	<b>2,500</b>
	<u>510,251</u>	<u>1,023,865</u>	<u>(791,323)</u>	-	<u><b>742,793</b></u>

**16. RESTRICTED FUNDS (continued)**

The funds are held for the following purposes:

<b>Foundation for Educational Leadership</b>	Project to renew the Church's place in a rapidly changing education system by equipping leaders of the future with understanding, skills and character to deliver a transformational education.
<b>S48 School Inspections</b>	Funding for school inspections required under Section 48 of the Education Act 2005.
<b>RE, CW &amp; Character Working Group</b>	Funding to improve the quality of religious education in Church of England Schools.
<b>Fresh Voices</b>	To understand the needs of young people in being equipped as agents of mission and change within their educational institution.
<b>Unlocking Gifts</b>	Project to support Diocesan bids to raise school achievement.
<b>Living Well Together Project</b>	Project to provides a welcome first step to more collaborative working, for the common good of society.
<b>CSoF: Church School of the Future</b>	Development project for Church of England Academies and Diocesan Support; implementation of the Church School of the Future Report.
<b>National Governance Resources</b>	Funding for a suite of resources for school governance.
<b>Resourcing School Worship</b>	Funding to develop a web-based resource to enable church schools to use Anglican liturgical resources and a songbank.
<b>Valuing All God's Children</b>	Guidance for Church of England schools on challenging homophobic, biphobic and transphobic bullying.
<b>Free Schools Project</b>	To support dioceses in the bidding process for the government's free schools project.
<b>Admissions Builder</b>	Creation of a new admissions platform.
<b>Big Story App</b>	Funding to develop an App based on understanding Christianity to grow faith in 12-19 year olds.
<b>Big Questions in the Classroom</b>	Funding to run a Science and Belief research programme as part of the Big Questions in the Classroom project, working with our secondary schools network.

**16. RELATED PARTIES**

A number of the Trustees are employed by their local Diocese who work closely with the Charity in the course of normal charity operations.

## 17. TRUSTEESHIP

The National Society is the Trustee at 31 December 2020 for the following

trusts: Alton School Teachers House  
Knighton School  
Vaughan  
Trust  
Walcot  
School

**Trusts transferred or closed by 31 December 2020 - None**

The assets held on behalf of these trusts are held in the name of the National Society Trusts Funds and comprise:

	2020		2019	
	Cost	Market value	Cost	Market value
	£	£	£	£
CBF Investment Fund	5,691	121,883	5,691	114,267
RBS Deposit Account	7,474	7,474	6,647	6,647
	<u>13,165</u>	<u>129,357</u>	<u>12,338</u>	<u>120,914</u>