



The Fellowship
of the
School of Economic Science

Report and Financial Statements
for the year ended
31 December 2022

The Fellowship of the School of Economic Science
11 Mandeville Place
London
W1U 3AJ

Executive Committee (Trustees):

Stephen Silver (Principal)	Elina Grigoriou
Chris Rees (Treasurer)	Elizabeth Mazzola
Richard Ibbett (General Secretary)	Kumar Kumara
David Nock (from July 2022)	Matt McNeill
David Woodhead (from September 2022)	Sherry Moran
Edward Saunders	Yolande Hesse (from September 2022)

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Solicitors

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Investment Managers

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Contents

1.	Foundation and Vision	5
1.1.	A Search for Truth	5
1.2.	Aim of the School of Philosophy and Economic Science	5
2.	Objects of the Charity	6
2.1.	The Rules set out the Objects of the Charity	6
2.2.	Carrying out the Objects of the Charity	7
2.3.	Guiding principles – service without reward	7
2.4.	Charity.....	8
2.5.	Public Benefit	8
3.	Delivering the Objects	9
3.1.	Philosophy.....	9
3.2.	Meditation	10
3.3.	Economics and Law	10
3.4.	Promoting the Arts	11
3.5.	Language	12
3.6.	Publications	12
	Online activities	13
4.	Governance	13
4.1.	Structure	13
	Senior Tutor	13
	Trustees	13
	Membership Committee	15
	Property Trustees	15
	Endowment Treasurer	15
4.2.	Trustee Election, Induction and Training.....	16
4.3.	Statement of Trustees’ responsibilities	16
4.4.	Management arrangements	17
4.5.	Staff	18
	Remuneration Policy.....	18
4.6.	Committees & Sub-Committees.....	18
	Elderly and Vulnerable Students Sub-Committee	18
	Risk Management Sub-Committee.....	18
	Finance Sub-Committee	19
	Investment Sub-Committee	19
	Staff Sub-Committee	19
	Technology Sub-Committee	19
	Creative Projects Sub-Committee	20
	Estates Sub-Committee	20
4.7.	Properties.....	20
	Mandeville Place.....	20
	Nanpantan Hall.....	21
	Waterperry and Waterperry Gardens Limited	22
4.8.	Achievement and Performance	22
4.9.	Development Plan	23
5.	Financial Review & Results	24
5.1.	Net Unrealised Losses on Investments.....	25
5.2.	Investment Income from Property.....	25
5.3.	Waterperry Gardens Limited	25
5.4.	Reserves Policy	26
	Free Reserve	26

5.5. Designated Funds	26
Building and Capital Asset Reserve – £1,000,000	26
Opportunity Reserve – £1,000,000.....	27
5.6. Investment Policy and Performance	27
5.7. Fees	28
5.8. Reserves	28
5.9. Auditors	28
5.10. Post-Audit Events	28
Student Enrolment	28
Trading Subsidiary	29
Going Concern	29
Fundraising	29
6. Plan for the Future	29
Independent auditor’s report.....	31
Consolidated statement of financial activities.....	35
Balance sheets.....	36
Consolidated statement of cash flows.....	37
Notes to the financial statements.....	38

1. *Foundation and Vision*

1.1. **A Search for Truth**

The Fellowship of the School of Economic Science (“the Charity”) was founded in 1937 to establish and maintain the School of Economic Science (“the School”) to teach ideas of economic justice derived and developed from the insights of the American economist Henry George. It soon became apparent that the answer to economic problems lay not just with economic systems but also with human understanding and in the early 1950’s philosophy courses were added to the economics programme. In 2019 the Fellowship adopted the new name, The School of Philosophy and Economic Science. Economics and philosophy courses were directed by the founder and Senior Tutor, Leon MacLaren from 1937 until his death in 1994. Since then, they have been led and directed by the present Senior Tutor, Donald Lambie.

“It became very clear to me that there was such a thing as Truth and there was such a thing as Justice; and that they could be found and being found could be taught.”

Leon MacLaren

Philosophy in the School quickly adopted a practical direction, focusing on the need to awaken human consciousness through coming to rest in stillness. This in turn led to a meeting in 1961 with the Maharishi Mahesh Yogi and the adoption of mantra meditation as a key feature of the School’s approach to the understanding and practice of philosophic principles.

Leon MacLaren later met with Shri Shantananda Saraswati, a teacher of the philosophy called Advaita or non-duality, which has since become central to the School’s work in both economics and philosophy. Parallels were found among many philosophers and writers from the world’s philosophical, theological and literary traditions which, through practical application in daily life, led to deepening understanding of human nature and the application of philosophic principles in personal and social life.

Courses in economics and philosophy continue to develop from a growing understanding of the philosophy of non-duality. They work by encouraging personal practice and observation and enquiry shared in groups of like-minded people, whose collective experience facilitates the development of individual understanding.

1.2. **Aim of the School of Philosophy and Economic Science**

The School aims to be a centre of spiritual and practical knowledge and enquiry for people leading everyday working and family lives. The intention is to help individuals

lead full, rich and useful lives, to be of service in society and to evolve the spiritual aspect of their being in accordance with natural laws.

*“The Aim is Truth; and Truth as we now know is beyond creation.
It is the Self of every living creature. That is the aim. That is what it is all about.”*

Leon MacLaren

The School is committed to an ethic of lifelong learning and development. Many students continue to attend classes throughout their adult life, also providing the voluntary service upon which the School depends, and contributing to the wider community in whatever ways they can. The School’s educational aims and the study opportunities are all based on the philosophical view that humanity is united in a common conscious essence and that natural laws offer the possibility that human beings can live in freedom and prosperity without exploitation or misuse of nature. From those foundations, studies extend into many other fields including Language (particularly Sanskrit and Latin), Renaissance Studies, Plato, Art, Music, Law, Government and Education.

2. *Objects of the Charity*

2.1. The Rules set out the Objects of the Charity

The Objects are:

- 1) To promote understanding of the natural laws governing humanity through the study and practice of philosophy and economics and any other relevant subject, including the laws, customs and practices by which communities are governed.
- 2) To disseminate by all lawful means knowledge of the matters referred to in (1) hereof.
- 3) To promote any art or science, to produce, print, publish and circulate any periodicals, books and works of art.
- 4) To organise a School for the furtherance of these objects, such School to be known as the School of Philosophy and Economic Science.
- 5) To advance for the public benefit education in the United Kingdom and in particular by establishing or maintaining or assisting one or more schools for children.

Object 6 contains various provisions to assist the furtherance of the above objects, including the acquisition and holding of land and chattels, funding, the provision of library facilities, etcetera.

2.2. Carrying out the Objects of the Charity

The Objects of the Charity are carried out through the School of Philosophy and Economic Science, established and maintained in accordance with Object 4. Prior to the Covid-19 pandemic, the Fellowship offered its courses through the School in London and its regional Branches, throughout England and Scotland. The School had also been offering courses online, available to students wherever they are. The courses themselves are directed by the Senior Tutor.

As the restrictions associated with Covid-19 have relaxed, most branches have reintroduced in-person groups both for new and existing students. Online groups continue to be an important offering. The regular retreats have also recommenced although with reduced numbers and increased hygiene routines.

The School also provides study materials and other support to many associated schools offering the same or similar courses in 14 overseas countries. Close contact is maintained with these Schools through regular visits by the Senior Tutor and others. The leaders of associated Schools attend meetings in the UK from time to time and students from associated Schools often attend residential events in the UK. Since early 2020 there have been more international meetings online. These arrangements enable the work of the School to reach many thousands of students in the UK and other parts of the world.

Attracting new students to the School remains a high priority, as offering courses to the public is the main means of fulfilling the Charity's Objects and the most visible public benefit provided by the School.

Some retreats are now offered to the public, without the need to be enrolled on an existing philosophy or economics course.

Once the decision was made only to offer national online courses in 2020, all of the advertising effort was focused on social media. The Executive Committee established a UK Marketing Working Group (UKMWG), consisting of students from around the country with experience and expertise based on their professional work and their involvement in marketing for the School. The UKMWG produced campaign material that was used in the national social media campaign and was made available to the Branches, so that the offering of the courses could be extended through their existing channels.

Notwithstanding the reach of social media advertising, all students in the School are encouraged to make personal referrals and generally to promote the School's reputation.

2.3. Guiding principles – service without reward

The Charity and the School are guided by three core values or principles. They are:

- love of truth and justice;
- learning and teaching;

- voluntary service.

Service without seeking individual benefit or reward is central to the ethos of the Charity. The School's courses, based on the principle of learning and teaching and guided by a love of truth and justice, are provided voluntarily by students whose own studies have progressed sufficiently to enable them to pass on what they have learned to others. Much of the administration as well as renewal and maintenance of premises is also provided on the voluntary principle as part of the practical application of philosophy. Only the office staff at Mandeville Place and a few other persons are full or part-time paid employees of the charity. No-one is paid or allowed to derive financial benefit from providing teaching services in the School.

The day-to-day management of the Charity is undertaken voluntarily by members of the Executive Committee, Branch Leaders and advisers and assistants appointed from within the Fellowship and student body. Student volunteers also staff the refreshment and bookshop facilities that support classes and other events. Volunteers also support the care of the charity's properties used to deliver courses and other activities.

2.4. Charity

The Charity is registered in England and Wales as Educational Charity No. 313115. It is also registered with the Office of the Scottish Charity Regulator under registration number SC039950. The governing instrument of the Charity is the Rules of the Fellowship of the School of Economic Science as amended at the Annual General Meeting of 24 July 2021.

2.5. Public Benefit

Practical Philosophy and Economics with Justice courses are open to everyone and are widely advertised. There are concessions for those on low incomes or experiencing financial hardship. Capital expenditure is largely met out of accrued financial resources together with bequests and from voluntary donations from students who can afford to contribute more than the regular fees.

Historically, courses have been offered throughout the UK. One of the benefits of moving all courses online is that people have been able to attend a course even when they are not able to attend one of the physical centres. Now that in-person courses are generally available, online courses continue to be an important offering for those unwilling or unable to attend in-person.

The online Philosophy Café, which started in 2021, continues to grow in popularity. It now has over 1700 people registered, and attendance each week is often over 100. The café is open to anyone, whether or not existing students.

The Waterperry Retreat Programme is open to all students of the School, together with friends and family. The idea is to share fully the insights into a variety of subjects that have been acquired by members of the School over many years.

On School retreats, care of the house including catering is normally undertaken by the attendees themselves. This is an important aspect of service and putting the philosophic principles into practice in a structured and supportive environment. A new initiative was started in 2022, to run a Wisdom Within retreat at Nanpantan, as a fully serviced retreat open to anyone, whether or not attending one of the School's courses.

In response to meeting the need of Ukrainian refugees, accommodation has been provided at Waterperry, for two families – two mothers and three children – and in the Leeds School building, also for two families – two mothers and four children.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning activities and setting policies for the year ahead.

3. *Delivering the Objects*

In accordance with the Objects and in response to observed needs, additional studies founded on the philosophy of non-duality have developed.

3.1. Philosophy

The practical philosophy courses take inspiration from the principle of non-duality. They draw on the wisdom and practical experience of thinkers, writers and philosophers from many traditions and ages with particular reference to the philosophy of Advaita as expounded by His Holiness Shri Shantananda Saraswati and His Holiness Shri Vasudevananda Saraswati.

The courses treat philosophy as a personal and practical approach to life and its opportunities, enabling people to deepen and develop an understanding of life and of themselves, while maintaining a full and active family and working life. They are not academic courses such as would be followed in a university, but develop as far as possible based on practice and experience.

For this reason, the School's courses are based on weekly evening and daytime classes. These are supported by weekend activities and weekend and week-long retreats. Residential centres in the UK are located at Waterperry House in Oxfordshire, Nanpantan Hall in Leicestershire and Brinscall Hall in Lancashire.

Most residential retreats returned in 2022. All the time we have followed government guidelines and have been mindful of good practice in terms of health and safety. Retreats were run with substantially reduced numbers. In some cases, these were run as hybrid events, with some students attending in-person and others on Zoom.

The UK branches have taken varying approaches to returning to regular in-person courses, reflecting the willingness of existing students to attend in-person groups. There are many students who are unwilling or unable to attend groups in-person and Zoom provides a necessary and valuable tool. Equally, there are many students who are very keen to attend in-person groups, at least in part because of the social advantages of being in the same room as other students again. A full programme has been offered in 2022.

At many of our locations across the country the regular philosophy courses are supplemented by talks and presentations offered by students in various aspects of philosophy and related studies, based on their personal interests and experience. Many of these talks are open to friends, family and the wider public. A number are on the School's website and Facebook page.

3.2. Meditation

The School has found that exploring natural laws governing the inner life requires a method of cultivating inner stillness and for this purpose students are offered an introduction to the practice of mantra meditation after a few terms' study of philosophy. Thereafter, regular practice of meditation is central to the study and practice of philosophy. The value of meditation has become very widely accepted in recent years and the Fellowship is pleased to support and participate in that development with the benefit of over 50 years' experience of continuous practice. Tutorials are always available for new and seasoned meditators, and these have continued in-person and online using Zoom.

3.3. Economics and Law

The study of economics and law within the School arises from a deep desire for society to enjoy a greater level of justice and equity than prevails today. It seeks to discover and understand laws and traditions that encourage prosperity, freedom and happiness for all, without exclusion. It aims to formulate principles upon which more natural and just economic systems can be established and human-made laws codified. Such study is necessarily human-centred and grounded in moral principle.

Public courses in Economics with Justice cover five terms. Participants gain an understanding of natural aspects of economics and apply this in their daily lives. Whilst some in-person classes have returned, online courses continue to be offered for those who are based too far from our centres. Hybrid technology has helped bring in-person and online together for some events.

Advanced Economics classes continue to strengthen in number and depth of study; they are open to those completing the formal course and help develop understanding of particular topics of interest. Tutors benefit from regular meetings to develop their own understanding of this challenging subject, and this is enhanced by the participation of those from the associated schools around the world.

The annual Symposium is a public all-day event which gathers presenters from other organisations, as part of the effort to foster informal links with like-minded people and organisations.

A new course in law has been made available to the public under the Horizons programme: 'Law: A Philosophical Approach in Practice'. This presents an understanding of the UK's Common Law system and Constitution, and Human Rights, topics that remain of universal importance and timeless interest.

The Law Study Group has now been meeting for 50 years and continues in good health. The focus has been 'The Common Law – A Law for all Time' and participants present on current and historic law cases and individual jurists, giving some guide to ongoing law directions. Consideration is given to challenges and threats to the Common Law system. Studies have drawn from Shakespeare's plays to illustrate the 'king-becoming graces' and consider the place of the monarchical ideal in today's world.

3.4. Promoting the Arts

To meet Object 3 (the promotion of the arts) supplementary studies undertaken by groups of students within the School including art, music, translation, dance and others. Calligraphy is practised both as a fine art and as a reflective practice in fine attention.

Waterperry has been a centre of excellence in horticultural, arts and science since before the Fellowship acquired it and has been maintained and developed as such. Through Waterperry Gardens Limited ("WGL") the School provides training, recreational and horticultural facilities for public use and enjoyment. At the end of 2022 Waterperry Gardens restarted horticultural courses after having suspended them during 2020/2021 Covid restrictions and now has a limited but popular offering focussed around its core strengths. Waterperry is a Royal Horticultural Society Partner Garden. The ornamental gardens are recognised nationally. It is a well-known centre of expertise in herbaceous gardening, apple and pear cultivation and also houses two national collections of alpine plants, one of which, in a joint exhibit at the 2017 RHS Hampton Court Palace Flower Show, was awarded a Silver Gilt Medal. In October 2021 Waterperry was named as one of the top 25 gardens in the country. The gardens are now featured on the Silent Space website (silent.space.org.uk)

The fresco paintings created by the Art Group of the School at Waterperry House are open to the public each week. The guided tours are particularly popular. An open weekend took place in the first weekend of September 2022 and this is set to become an annual event where the visitor can get a taste of what the School is all about.

In addition, the Charity encourages and supports the arts through various activities at Waterperry Estate and elsewhere, including dramatic and operatic performances in the theatre. During 2022 a full programme of events took place including the return of the Oxford Storytelling Festival, Handmade Oxford, Celebrating Ceramics, and the Waterperry Opera Festival.

Nanpantan Hall hosted a public event entitled 'Labours Lost' in May 2022 in collaboration with the former owner, Johanna Herbert Stepney, and local artists. Historical sources, such as the National Census and first hand accounts were used to provide an artist's response to life in service at Nanpantan Hall. The farm provided refreshments and the St Mary's Church and local volunteers helped run the event. Over 500 people attended the three-day event.

In spring 2021, we initiated the first Philosophy Poetry Prize, which was well received. We had planned to repeat this in 2022, but it became too difficult administratively. We aim to repeat the prize in the future.

3.5. Language

The Sanskrit Faculty continues to make a substantial contribution to philosophical studies in the School through its established courses. These range from introductory to advanced levels, including the study of Panini grammar and of classical philosophical works composed in Sanskrit. A number of students are now participating in traditional Vedic chanting. In 2022 there were two International Sanskrit Conferences, one at Waterperry and one online, attended by several hundred people. Similar conferences are planned for 2023. Some twenty international online groups are organised from London, principally for Introductory Sanskrit.

Work on translating the final volume of Marsilio Ficino's *Letters* continues. There are regular online translation and discussion groups in addition to those on the Horizons programme, and the Renaissance Groups continues to use Zoom, enabling it to accommodate meetings across regions and across continents. Participation in academic conferences on the Renaissance has resumed in person, with presentations in Dublin, Leuven and Florence, and forthcoming events in Budapest and Rome. There has been collaboration with the Warburg Institute in London, and the Cambridge Centre for the Study of Platonism, part of Cambridge University, for both in-person and on-line events.

3.6. Publications

During the year the School published *Search for Reality*, a translation of a Sanskrit text attributed to Adi Shankara.

The twelfth and final volume of the Ficino *Letters* is in preparation, eagerly awaited by a wide audience within the School and beyond. The Letters continue to be valued for their spiritual and philosophical content as well as for their cultural and historical significance.

The School publishes books as well as audio and video recordings of lectures and presentations given in the Philosophy, Sanskrit, and Economics and Law faculties.

The School also gave financial support to Dr David Horan for a new translation into English of the complete works of Plato. This work has been completed and was

published online in 2021. Through the Foundation for Platonic Studies, it is expected to be published in book form at an affordable price in 2024.

Online activities

Students in the School have conducted short Facebook Live broadcasts several times a week, in term time, covering philosophy, economics and Sanskrit and a live guided practice in simple awareness. As well as being watched live, the recordings available through the School's Facebook page are watched by hundreds of people every week.

2022 was a great year for our YouTube channel. In Sept 2021 we had 1,250 subscribers; by the end of 2022 we had over 6,000. The channel also got an additional 40,000 views. During 2022, there was a complete overhaul of the appearance of the homepage, and over 20 new 10-minute videos from contributors around the world were released.

Continuous engagement with viewers' comments, as well as posts on the 'community' tab, helps build a new community.

An additional benefit of creating the 10-minute videos on philosophy subjects is that these have become a 'resource library' for both tutors and students who want information on any subject.

None of this would have been possible without the outstanding work of our volunteer video editor.

4. Governance

4.1. Structure

Senior Tutor

The Senior Tutor, Donald Lambie, is responsible for the general philosophic and educational direction of the School's work and for the scope and content of study material. The Senior Tutor is also responsible for the appointment of tutors and Branch Leaders, all of whom are volunteers.

There is close communication with the Trustees in relation to these matters through regular meetings between the Senior Tutor and the Principal, meetings with the Executive Committee and through the Trustees' active participation in the work of the School. The Senior Tutor does not receive any salary from the Charity, although expenses are paid and accommodation and paid assistance are provided to enable him to fulfil his role. The Senior Tutor has no control over the finances of the Charity.

Trustees

The Trustees of the Charity are defined by the Fellowship Rules (12). At the AGM 2022 the outgoing elected trustee was Anthea Douglas, after many years of devoted service. Paul Moss, who had been elected in 2021 had resigned during the year. Co-opted

members who had served throughout the year were David Nock, Kumar Kumara and Elizabeth Mazzola.

A new Executive Committee was elected. Stephen Silver was re-elected as Principal and Chris Rees was re-elected as Treasurer. Richard Ibbett was appointed as General Secretary at the first meeting following the AGM.

Co-options were decided at two subsequent Executive meetings: David Nock in July 2022 and David Woodhead and Yolande Hesse in September.

As at December 2022, the trustees and their responsibilities are shown here:

Stephen Silver (Principal) (3) (4) (6) (16)	Chris Rees (Treasurer) (1) (2) (4) (8)
Richard Ibbett (General Secretary)	David Nock (14)
David Woodhead	Edward Saunders (10)
Elina Grigoriou (12)	Elizabeth Mazzola (7) (15) (17)
Kumar Kumara (9)	Matthew McNeill (8)
Sherry Moran (11)	Yolande Hesse

Notes:

- (1) Chair of the Finance Sub-Committee
- (2) Attends the Investment Sub-Committee
- (3) Member of the Risk Management Sub-Committee
- (4) Member of the Staff Sub-Committee
- (5) Member of the Elderly and Vulnerable Students Committee
- (6) Member of the UK Marketing Working Group
- (7) Member of the Membership Committee
- (8) Member of the Technology Sub-Committee
- (9) Chair of the Estates Sub-Committee
- (10) Legal matters
- (11) Executive member on WGL Board (Waterperry Gardens Ltd)
- (12) Sustainability Policy development
- (13) Nanpantan Liaison
- (14) Liaison - Branches
- (15) Safeguarding
- (16) Liaison - Senior Tutor & Stream Heads
- (17) Mental Health Policy development

The Fellowship meets in an Annual General Meeting to receive the Report of the Trustees and the Financial Statements, and to elect the Officers and other members of the Executive Committee and the Membership Committee for the following year. A quorum of two-thirds of Ordinary Members is required. Associate Members may attend General Meetings but may not vote.

The Principal and the Treasurer are elected annually under Rules 8 and 9 respectively. The Principal is also the Chair of the Executive Committee and of the Fellowship. Each

of the Trustees can be contacted via the School's head office at 11 Mandeville Place, London W1U 3AJ.

Membership Committee

Four members of the Membership Committee are elected annually at the AGM and a Trustee is appointed by the Executive Committee to serve with them. The members of the Membership Committee are:

Sally Ostrowska (Chair)
Bartholomew O'Toole (Secretary)
Sine Pickles
Barry Scott
Executive representative: Elizabeth Mazzola

Any person currently enrolled on a Philosophy or Economics course in the School of Philosophy and Economic Science (Rule 3) is eligible for membership of the Fellowship.

The Membership Committee continues to monitor the breadth and strength of the membership of the Fellowship. Prior to the 2022 AGM, three people moved from Associate to Ordinary Membership and eight people accepted the invitation to join the Fellowship. Since the AGM, two people have resigned and four members have died.

The membership of the Fellowship on 31 December 2022 consisted of 240 Ordinary Members and 53 Associate Members.

Fellowship members are appointed by the Executive Committee on the recommendation of the Membership Committee in accordance with Rule 3 and Rule 12 (9).

Property Trustees

Because the Fellowship is an unincorporated association, Rule 15 provides for the appointment by the Trustees of not more than five nor less than three Property Trustees for the purpose of holding and dealing with "any freehold or leasehold properties from time to time acquired by the Fellowship and the proceeds of sale thereof and all monies or other property of the Fellowship in their hands upon the terms of a Trust Deed...".

The current Property Trustees appointed by the Executive Committee are:

Ian Mason
John Meltzer
Hugh Venables

Endowment Treasurer

Bart Dunlea was re-appointed to the role of Endowment Treasurer following the AGM.

4.2. Trustee Election, Induction and Training

Under the Rules of the Fellowship, the Trustees are elected by and from the Ordinary Members of the Fellowship who have invariably obtained considerable knowledge and experience of the work of the Charity, both before becoming members of the Fellowship and then through receiving annual reports and financial statements. On appointment Trustees may see past minutes and agendas of the Executive Committee and are encouraged to question any member of the Committee, and the Internal Auditor, about any aspects of the Committee's business or the general administration of the School. New trustees are also encouraged to read the Charity Commission guidance on the role and responsibilities of trustees. All trustees received training in the duties of a trustee. From time-to-time external advice is sought as to the appropriateness and efficiency of the Charity's governance.

4.3. Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Report of the Trustees and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England, Wales and Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity, and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees and staff, through the Finance Sub-committee meetings, continue to improve the financial accounting practices in recognition of their obligations and in

response to the advice from the Charity's auditors. In particular, the property maintenance budget is renewed annually. A Finance Manual was adopted in 2017. An exercise to review and document the finance processes was started in 2022. When complete this may supersede the current Finance Manual.

4.4. Management arrangements

The day-to-day management of the Charity is undertaken on a voluntary basis by the members of the Executive Committee, supported by the Branch Leaders, together with advisers and assistants appointed from within the Fellowship and the student body. The volunteers are supported by a small and dedicated team of full- and part-time paid staff.

The School year is divided into three terms. Since the onset of the pandemic the Executive Committee has met online, initially weekly and now every other week during term time.

The Executive Committee has also met in-person and online several times at weekends for some hours, each time to consider matters of a more strategic nature outside the normal run of business.

The Branch Leaders, as local representatives of the Executive Committee, are provided with clear Terms of Reference. Branch Leaders typically meet around the end of January with the Senior Tutor and the Principal for a three-day period during which Trustees attend to speak about and discuss current issues and matters relating to the management and organisation of the School and Branch Leaders' roles as Trustees' representatives. The aim is to allow the Branches as much autonomy as possible while maintaining the unity of the School as a whole. The current Executive member with particular responsibility for liaison with the Branches is David Nock, who is himself a Branch Leader.

Decisions on matters of policy and strategy are made by the Executive Committee on behalf of the Fellowship in consultation, where appropriate, with the Senior Tutor. Decisions relating to the day-to-day operations of the School are implemented by the relevant person within the management structure, and within the policy and strategy framework as set out by the Executive Committee.

There is provision in Rule 19 for an officer, or two or more members of the Executive Committee, or at least ten Ordinary Members to call an Extraordinary General Meeting of the Fellowship at any time to discuss and vote upon matters of major significance (e.g. major changes in policy or strategy, proposed actions outside the scope of established policy etc.).

There was no Extraordinary General Meeting in 2022.

4.5. Staff

The management support team continued to work well, led by the General Manager, Laura Counsell, under the direction of the Principal.

The Trustees extend their grateful thanks to Laura Counsell and her team for approaching their task with energy and efficiency while engaging fully with the ethos of the School.

Remuneration Policy

The Fellowship aims to pay its employees a fair salary commensurate with their skills and level of responsibility, comparable to the private sector. The School contributes 7% of gross salary to the pension fund of each employee and has offered all employees pension advice. One employee earned more than £70,000 during the year ending December 2022.

4.6. Committees & Sub-Committees

There are seven sub-committees appointed by the Executive under Rule 12 (7): Finance; Investment; Risk Management; Staff; Technology; Creative Projects and Estates. The Trustees are also represented on the Elderly and Vulnerable Students Committee, which is otherwise appointed from among the student body.

Elderly and Vulnerable Students Sub-Committee

Whilst there is no legal obligation to support the needs of elderly and vulnerable students, kindness and care runs within all the principles and practices of the School. The Elderly and Vulnerable Students Sub-Committee (EVSSC) meets regularly to review a list of students no longer able to attend courses due to age, disability or other vulnerability. In order to ensure that they and their carers continue to receive spiritual and practical support from the School, regular visits are undertaken by friends in the School. No student who wishes to continue to be connected to the School and its teachings should become invisible to the School, and enabling students to engage in spiritual work at all stages of life remains very important.

Risk Management Sub-Committee

The Trustees are required to certify each year that the major risks to which the Charity is exposed have been assessed and that appropriate steps are being taken to minimise those risks. A comprehensive risk management structure is in place and is kept under regular review. The trustees have overall responsibility for risk within the Charity. Each Executive Committee meeting has Risk as an agenda item during which each member is given the opportunity to report on risks drawn to their attention.

As with previous years, responding appropriately to Covid-19 was a major risk mitigation activity, especially for the running of retreats. At all times government and NHS guidelines were followed in terms of social distancing and hygiene.

During 2022, a new approach to risk management has been developed.

The Estates Sub-Committee has gathered much of the basic information for each of the School's properties, which includes evidence of compliance with regulatory requirements.

Financial risk is mitigated by the Finance Sub-Committee's detailed review of the budget. The Investment Sub-Committee considers investment risk.

A risk training workshop was run by the School's insurers. The existing Health & Safety Risk Policy was reviewed and improvements suggested. The revised policy has been shared with property stewards, the Estates Sub-committee and the Executive. It will be finalised and adopted in 2023.

The contents of the existing risk register will be transferred to the new recommended format and reviewed and updated by the Executive.

During 2023, the constitution of the Risk Management Sub-Committee will be reviewed.

Policies of the Charity are kept under review by the trustees. They are made available online to all those with significant responsibilities such as Branch Leaders, Bursars and Trustees. These are reviewed at least every 3 years.

Finance Sub-Committee

The Executive Committee has appointed a Finance Sub-Committee chaired by the Treasurer. The sub-committee reviews the annual budget in advance of the Executive Committee's review and adoption of the budget. The sub-committee reviews the management accounts.

Investment Sub-Committee

The Investment Sub-Committee advises the Executive Committee on the management of the School's investment funds. The Executive Committee accepted its recommendation to change the School's investment managers in 2021 and the funds were transferred to CCLA Investment Management Ltd and P1 Investment Management Ltd.

Staff Sub-Committee

The Staff Sub-Committee, chaired by the Principal and including the Treasurer and attended by the General Manager, is responsible for staff policy, recruitment, disciplinary matters and other HR related matters. It meets at least once a term and in addition the Principal and General Manager consider any staffing issues at their regular weekly meetings.

Technology Sub-Committee

The Technology Sub-Committee investigates technical matters of any sort when asked to do so by the Executive and may provide technical guidance or assurance to the General Manager as required.

Creative Projects Sub-Committee

The Executive occasionally gets requests for support to students in the School who wish to carry out particular projects. Currently, the sub-committee is suspended. There have been no new requests for over two years. The sub-committee could be revived if and when there are future projects to be evaluated.

Estates Sub-Committee

The Estates sub-committee has representatives from many of the branches around the UK. The sub-committee's role is to provide support to the property stewards for their plans for property maintenance and improvement and to advise the Executive on proposals for major budget requests.

The Estates sub-committee maintains a property information schedule for each of the School's residential properties and the branch properties. The different relevant regulations which apply to the House and other properties including rented properties at Waterperry, are all addressed, including Health and Safety issues.

4.7. Properties

The Fellowship owns a number of properties in the UK, which are mainly used for delivering the School's courses in furtherance of the Objects. Five cottages at Waterperry, the Lodge and the Coach House at Nanpantan, and other properties are used either to accommodate essential staff or to provide income to the Fellowship.

In addition to its residential premises, the Fellowship owns nine other freehold properties and one long-leasehold, used for the purpose of delivering its courses. Otherwise, many Branches take premises on short leases or occupy premises under licence to deliver courses.

The Trustees consider that it is essential to find ways to create more income from spare capacity at all properties to help balance income and expenditure.

Mandeville Place

Mandeville Place is where the London in-person groups meet and where classes have recommenced following the Covid restrictions. The building is in a prime central London location. Meeting rooms are available to hire during the day on a commercial basis, with ad-hoc venue hire concentrating on the two largest rooms suitable for lectures and seminars. The team has been successful in finding primarily educational and charitable organisations that hire smaller rooms on a long-term basis, providing a reasonable income without being too demanding on the building's facilities and staff. Both of our long-term private college clients have continued to hire from us since returning in 2021 and we work closely with a nearby luxury hotel to accommodate their clients, resulting in regular bookings of our largest rooms.

We continue to keep under review the 2021 working group report. There were several recommendations that might be attractive for potential hirers, including investigating improving the Wifi capability in the building. This would also support the growing demand for hybrid group meetings at Mandeville Place, and provide the necessary infrastructure for an upgrade to the telephone system. During 2022 we have also been planning improvements to the security at Mandeville Place.

Nanpantan Hall

Following the upgrading of Nanpantan Hall in early 2019, we continue to enhance the internal ambience, making the Hall an attractive venue for the School's activities, like-minded organisations, weddings and other events.

The coach house continues to be rented out to the 'Nanpantan Hall Nurture Centre', a school for high achieving autistic children under the age of 11. The Nurture Centre continues to grow and flourish and has now 10 children in education. A section of the Hall's woodland is used by the Nurture Centre as a forest school and the children and staff are able to walk and enjoy the rest of grounds when the hall is not hosting an event. We have strong personal relationships with the Centre, which benefits both parties.

Nanpantan Hall has 31 acres of grounds, woodland and meadow. We have developed a plan to enhance the ecology and biodiversity, following advice from Leicestershire's environmental officer and English Nature.

A well qualified local man, who is also a student of the school, has helped us further develop the plans and implement the improvements.

We have developed a good relationship with a local Christian addiction recovery centre. Small groups of men visited throughout the year to volunteer in the grounds and forest. By clearing bramble, self-sown trees and scrub we are bringing more light and air to the forest floor allowing the understory and its fauna and flora to flourish.

Nanpantan Hall is a centre for local employment and voluntary work. Eleven people regularly work at the Hall throughout the year. A lady living in the village is our decorator who maintains the decorations to a good standard throughout the building. A local builder was engaged to refurbish the conservatory floor and it is now a usable space.

A local farmer manages the 7-acre paddock area that is now a wildflower meadow. During the Spring and Summer months the grasses and flowers are allowed to grow. In late summer the meadow is mowed and collected in bales. In the winter months Aberdeen Angus cows graze the remaining growth to complete the annual plan to slowly improve the soil and allow the herbs and flowers to compete with the grasses, allowing the meadow to flourish.

Eight local people have allotments and manage the grounds within the walled garden.

We employ a man from Shepshed, two days a week to manage the gardens, grounds and forest areas. We have a good relationship with St. Mary's Church and neighbouring farms and work together to support projects. St. Mary's Church changed the parish boundary in 2021 to include Nanpantan Hall.

Waterperry and Waterperry Gardens Limited

When the Waterperry Estate was acquired in the 1970s there was an established horticultural centre, which the School maintained and expanded consistently with Object Three (promote any arts or sciences). The horticultural centre is now run as a separate trading entity known as Waterperry Gardens Limited (WGL). WGL is wholly owned by the Fellowship. Waterperry continues to command international renown for the formal gardens, which are supported by a garden shop, tea shop, gift shop, museum and arts and crafts gallery.

Investment in infrastructure at the Waterperry Estate is making it a much better visitor attraction, which in turn enables WGL to contribute more to the Fellowship's income, while also enhancing the Estate for the Fellowship's own retreat and teaching purposes. Work is already underway to develop third party rentals for day use and retreats, which requires additional investment in the House.

WGL has developed strongly. There have been numerous enhancements that have contributed to significant increases in visitor numbers and more consistent profitability, notwithstanding meteorological challenges.

2022 was another challenging year. Prices rose fast and the minimum wage increase had its knock-on effect. However visitor numbers remained strong and the year ended with WGL's profits being comfortably in the black. The same challenges remain for 2023.

Significant development has gone on in the gardens 2022/2023 with the major areas being redeveloping the Virgins Walk, now renamed the Winter Walk, and complete renovation of the Rose Garden.

Apart from serving the public, WGL also maintains the Waterperry estate and makes an important contribution to the local economy and employment. Students on the School's courses at Waterperry enjoy the benefit of the beautiful gardens and setting. Although WGL makes a significant positive contribution, the Waterperry estate still makes an operating loss. A number of measures are in hand to reduce this loss by increasing the revenue streams at Waterperry.

4.8. Achievement and Performance

The School is not a public fund-raising charity and does not set fund-raising targets or specific aims for expansion. The main sources of funding are fees from courses, gifts, legacies, and returns on investments. Steps continue to be taken to find supplementary sources of income, primarily through rental of our buildings when not in use by the School.

During 2022, 548 new students enrolled for the national online philosophy course. In addition, 953 students enrolled for in-person courses across the country.

For the last term in 2022, the Autumn term, there were 255 students enrolled in national online philosophy courses, a decrease of 102 over the previous year. This excludes the Part 1 introductory course because of the high drop out rate in the first term.

In addition, for the in-person philosophy courses, in the Autumn term 2022, there were 1,553 students enrolled in London and the Branches. This was an increase of 57, compared with 2021.

For the Economics course offered online and in-person in London, 262 new students enrolled. Excluding Part 1, there were 182 students enrolled in the Autumn 2021 term, an increase of 17.

During the year over 140 students registered each term for the Horizons courses.

Since its foundation in 1937 the School has provided courses to tens of thousands of people in the UK. While the Executive Committee would always like to see larger numbers of enrolled students, the priority of the School is always to meet the needs of students attending courses.

The following activities have been undertaken:

- The School continues to organise courses, seminars and events to enable students to present the findings of their studies to a wider public.
- Contact continues to be made and maintained with like-minded organisations in order to collaborate with them in the development of common fields of study.
- Budgets continue to be carefully reviewed to enable the Charity to function within its means.
- The use of the School's residential properties has also been reviewed to identify means of making better use of the facilities.

4.9. Development Plan

Work had started late in 2019 to review and renew the strategic vision for the charity. There are three interrelated factors: the lower than hoped enrolment numbers, a continuing drain on the financial reserves and the cost of some of the properties.

The need for this review was accentuated by the impact of the Covid-19 pandemic and the lockdown restrictions imposed by the government.

The Strategy Working Group (SWG), set up in 2020, continued its work through to September 2022. A second open meeting with all students in the Senior School was held, on Zoom, in May 2022, a key element of the SWG's communication activities. The core SWG team consisted of representatives from the Executive Committee, the tutorial teams

and Branch Leaders. A number of newsletters were published covering the work outputs and inviting and responding to comments from the students.

A significant strand of SWG work was to look at the culture of the School. A draft code of conduct was discussed in all senior groups and feedback gathered. The resulting code of conduct has been published on the School's website in 2023.

As the SWG came to a close a new Development Group, under the leadership of the Senior Tutor, was formed to oversee continuing initiatives that were started under the SWG, as well as any others that might emerge. The Development Group also has responsibility for continuing the communication activities initiated by the SWG.

To date, the following initiatives are underway:

- Emphasising 'service as a way of life' with early part students. Service is one of the four core pillars of the School's approach, along with Group, Meditation and Retreats. The aim is to integrate the approach to service in one's daily life into the material and group meetings.
- Establishing a General Studies course for those students who are not yet ready to take up meditation by the end of the second year.
- Drawing together existing tutor support material to provide an online tutor support resource.
- Introducing new retreats that are open to people not enrolled on the School's courses.

The new budget control process implemented for 2021 has proved useful and was repeated for 2022. A new capital expenditure budget process was introduced during 2022 for the 2023 budget. This gives the Executive Committee more visibility of potential future expenditure together with a process whereby competing demands on financial resources can be assessed against published criteria.

5. Financial Review & Results

The consolidated Statement of Financial Activities which accompanies this report shows that the Group had a deficit in the 12 months to end December 2022 of £1,461,000 (2021: surplus of £2,191,000). The principal reason for this was unrealised losses of £1,457,000 (2021: unrealised gains of £1,956,000).

The Charity's income from courses and retreats was higher than in 2021, primarily because of an increase in retreats, meetings and events made possible by the ending of Covid-19 restrictions, and increases in branch student numbers. Overall fee income increased to £1,126,000 (2021: £968,000). Total voluntary income for the year increased slightly over the previous year at £434,000 (2021: £425,000), of which donations and gift aid were down at £145,000 (2021: £208,000), but legacy income increased substantially to

£289,000 (2021: £217,000), principally thanks to one substantial legacy. The Trustees are grateful for students' generous donations, as well as legacy income.

5.1. Net Unrealised Losses on Investments

The total unrealised losses for the year included:

- a reduction in the valuation of investment properties of £1,152,000 from £8,212,000 to £7,060,000, based on an external valuation by Carter Jonas LLP. For some years the valuation of our investment properties has been carried out by a retired professional surveyor who is a member of the School. It was considered time to commission an external survey. Their valuation was lower, particularly relating to one property in London.
- a net loss of £317,000 (2021: net gain of £359,000) on listed investments from £3,306,000 to £2,977,000. The fall in the value of the investment funds, was due to adverse conditions in the market. This is discussed more fully in Section 5.6 below.

No funds were drawn down from listed investments during the year.

5.2. Investment Income from Property

Gross investment income for the year was lower at £223,000 (2021: £247,000), principally because of non-payment of rent by the tenants of two studios at St Oswald's, subsequently paid in May and June 2023

As noted last year, our new investment managers, CCLA and P1 automatically reinvest income in the portfolios. They do not disclose the amounts involved.

5.3. Waterperry Gardens Limited

In 2022 the global effects of the Ukrainian war, supply chain problems and financial uncertainty were seen to have their effect on WGL. Larger size purchases such as furniture much were less common than in 2021. There was also a very hot summer to contend with which affected plant sales. The apple crop was very good and visitor numbers remained high with coach bookings returning. The full programme of outdoor events went ahead. All this led to a profit of £91,000 (2021: £246,000) for the year before tax.

WGL repaid a further £50,000 of its CBILS loan, in addition to the agreed monthly repayments. £67,000 remains to be repaid.

The WGL Board decided to donate half its eligible profit for 2022 to the charity with Gift Aid. This amounts to £59,000. As a result WGL will pay Corporation Tax on half its profit but will retain the balance for working capital. This will be reflected in the 2023 results. In the year to 31 December 2022, the charity benefited from the £200,000 gift aid from WGL announced last year.

5.4. Reserves Policy

The Charity requires financial reserves to maintain and advance its activities for the following reasons:

- to minimise the charity's requirement for debt;
- for operational purposes, to maintain properties, (with a net book value at 31 December 2022 of £15,287,000 (2021: £15,497,000), equipment, etc, which are used extensively for educational and residential purposes in accordance with the Charity's objects.

Property ownership provides long term security of tenure, a measure of financial resilience, the opportunity for higher standards of maintenance, facilities adapted to the Charity's specific requirements, and for lower running costs in the long term than occurs with a dependency upon rented accommodation.

Free Reserve

The free reserve is the balance of total funds (£27,298,000) less the value of those funds already identified as:

- Restricted funds; £401,000
- Designated Funds; £2,000,000
- Tangible Fixed Assets; £15,287,000
- Investment properties; £7,060,000

Total free reserve: £2,550,000.

The Trustees consider that an adequate target level of Operating Reserve is approximately £2,100,000. This would provide sufficient reserves to meet the charity's running costs for a period of six months in the event of major disruption to our activities.

The charity also operates a benevolent fund called The School of Economic Science Benevolent Fund (Charity Number 313115-1). It is funded from the Operating reserve to provide financial assistance for poor students attending any of the classes conducted by the charity.

The Trustees invest the surplus funds in line with our investment policy.

5.5. Designated Funds

Building and Capital Asset Reserve – £1,000,000

This fund is used for the following purposes:

- To hold building acquisition funds for purchasing additional accommodation, particularly in the larger branches without property, where many students

attend classes held in rented accommodation. Finding suitable premises with consent for educational use in the right location is difficult, so there are only limited opportunities for the Charity to make such investments. While government regulations prevented meetings in person, there was no such need, but as life returns to normal and classes start to resume in School buildings, the possibility of further acquisitions returns.

- This Fund can be used for buildings improvement and refurbishment either from the interest earned thereon or from the capital itself. Assuming that the project to upgrade the second floor of Waterperry House proceeds, it will be funded from this reserve.

Opportunity Reserve – £1,000,000

The Opportunity Reserve is intended to provide funds to meet special targets of opportunity or need that further the mission of the organisation, which may or may not have specific expectation of incremental or long-term increased income. The Opportunity Reserve is also intended as a source of internal funds for organisational capacity building, such as staff development, research and development, or investment in infrastructure that will build long-term capacity. In 2023 the trustees intend to research and plan the replacement of the current accounting and CRM system, and then implement it in 2024. This will be funded from the Opportunity Reserve. The target amount of the Opportunity Reserve is determined by the Executive Committee.

The Trustees review the designated funds of the charity on a regular basis.

5.6. Investment Policy and Performance

2022 was a turbulent year by many measures – a war in Ukraine with shortages in the supply of gas having a major impact on energy prices; rising inflation; rising interest rates; a third prime minister in the UK in less than one year; a disastrous budget which spooked the UK market; and strikes in a number of key industries among these factors. Stock markets were volatile and gilts took a battering, generating a year on year decline of some 15% in world equities and 25% in long dated gilts.

The School's investment in CCLA suffered a decline of 9.5% over the year, with a year end value of £2,211,000, down from £2,444,000 at January 1st 2022. This decline was marginally ahead of the Fund's comparator. The same conditions affected the School's investment in P1 where the capital value declined from £779,000 to £683,000, a decline of 12.3% over the year. Their exposure to the gilts market exacerbated the negative returns. Inevitably there will be rises and falls in the value of these investments, which only affect the charity when funds are drawn down. The investments in CCLA Investment Management and P1 Investment Management are regarded as long term investments. The funds still offer good prospects for long term growth despite the short term declines. No funds were drawn down in 2022.

The Executive Committee accepted the recommendation of the Investment Sub-Committee to sell 96 Sedlescombe Road, and it was put on the market. Unfortunately this occurred at a time when demand for London properties fell because of the sharp rise in interest rates. Although there was interest in the property, no offers were received despite reducing the asking price. It was withdrawn from the market and the lease to the existing tenants extended.

5.7. Fees

Historically fees for courses and for retreats have been kept as low as possible. There have been step changes in the early part fees, which have been difficult to explain. The decision was made for the London and national online courses that all courses from Part 2 to Part 12 should be based consistently on a standard fee of £15 per session, which is both reasonable and in line with other providers of comparable courses. The fee for Part 1 has been discounted so that it remains attractive for those who are interested in the courses. Fees for online and in-person courses are the same, primarily to ensure that cost is not a factor for people choosing to attend online rather than in-person.

The daily fee for retreats at Waterperry and Nanpantan was also reviewed in light of running costs of the centres and compared to other similar retreats. The Waterperry Working Group in 2020 suggested that at least £75 per night would be a more reasonable rate. For Nanpantan Hall a more commercial rate would be closer to £60. Although the rate was not changed in 2022, the standard rate for retreats at both buildings and online will be £60 for 2023.

5.8. Reserves

The Trustees believe the Charity has adequate reserves for the next twelve months, and we have made no changes to our reserves policy.

5.9. Auditors

In October 2022, after signing off the 2021 audit with a clean opinion, Crowe UK LLP, the group's auditors resigned. The Trustees subsequently appointed Sayer Vincent LLP to audit the charity and the group.

The WGL board appointed King Loose & Co., a local Oxford firm, as the company's auditors.

5.10. Post-Audit Events

Student Enrolment

With the relaxation of Covid relation restrictions more in-person activities have resumed. Retreats at Waterperry House and Nanpantan Hall have taken place, with reduced numbers, following social distancing guidelines. Some students prefer to attend the retreats online and various arrangements are made to make use of the available

technology. Similarly, as well as offering in-person introductory groups, some existing groups are returning to meet in-person on a regular basis. It is still very difficult to predict trends for in-person attendance. Numbers in London remain significantly low. Online will continue to be an important part of the School's offering.

Trading Subsidiary

2023 could again be challenging with energy prices increasing and a nearly 10% increase in the minimum wage in April. Early indications are that it is, as ever, the weather which has the greatest influence on the fortunes of WGL, with a good February and a poor March reflecting this.

Going Concern

Given the strength of the charity's cash balances and financial investments, and the budgets and cash flow forecasts that we have prepared, the Trustees are confident that the Charity remains a going concern.

Fundraising

The School does not carry out external fundraising activities or raise funds from the general public, with donations being received from students or others familiar with the School. Accordingly, it is not registered with the Fundraising Regulator.

6. *Plan for the Future*

The School's main aims are set out in Section 1. Historically, the Charity has aimed to respond to needs and demands on its services as they arise rather than seeking to generate new activities, beyond making those services known to as wide a community as possible. The aim was to allow for organic growth and development without the constraints of a structured long-term plan. As discussed in Section 4.9 above, this approach has been superseded initially by the work of the SWG and now the Development Group.

Work has started on developing a Sustainability Policy and Plan. This is looking at the impact of the School's activities in terms of costs and value, as well as the impact, positive or negative, on the environment and society. This is a major initiative which will influence our thinking over the coming years. One project already started in 2023 is to consider the feasibility of installing a solar farm at Waterperry that could provide power to the house and to WGL.

In 2023 we are planning a strategic review of our marketing approach and redevelopment of the London/national website. The website will be redeveloped to align with the design already used by several of the Branches and to be more transparent about the activities of the School. A section on meditation has already been included on the current website.

Work will continue on enhancing the use of the Waterperry estate. Plans are advanced for redevelopment of the top floor of Waterperry House. Planning permission has been approved and subject to acceptable budget proposals in response to tender documents work is planned to commence in September 2023. This will provide for ensuite bedrooms on the top floor, which will be useful both for the School students and to make the house more attractive for third party hires.

It is considered vital that the network of branches across the UK are maintained and strengthened. During the Covid lockdown, technology has enabled online groups to offer courses to new students and maintain contact with existing students. It has also enabled those who could not attend physically to join in the school community. However, there is a richness in personal contact and wherever possible, the aim is to provide in-person groups and meetings, for those who wish and are able to take part. It is expected that in-person and online groups and events will continue for the foreseeable future.

Sayer Vincent LLP was appointed as the charity's auditor during the year and has expressed its willingness to continue in that capacity.

Approved by the Trustees on 23 June 2023 and signed on their behalf by:

S. Silver

Chair

C. Rees

Treasurer

Independent auditor's report

Opinion

We have audited the financial statements of The Fellowship of the School of Economic Science (the 'parent charity') for the year ended 31 December 2022 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated statement of cash flows and the 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 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 group and parent charity's affairs as at 31 December 2022 and of the group's incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 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 trustees' 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 Fellowship of the School of Economic Science'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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 trustees' annual report is inconsistent in any material respect with the financial statements
- Sufficient accounting records have not been kept; or
- 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 statement of trustees' responsibilities set out in the trustees' annual report, 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 group or the parent 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 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material

misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the parent charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the parent 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

The Fellowship of the School of Economic Science
Report and Financial Statements for the year ended 31 December 2022

permitted by law, we do not accept or assume responsibility to anyone other than the parent charity and the parent charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

5 July 2023

Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Consolidated statement of financial activities**For the year ended 31st December 2022**

	Note	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
Income from:							
Donations and legacies	2	423	11	434	425	-	425
Charitable activities							
Courses & Residential	3	1,123	-	1,123	955	-	955
Other activities	3	3	-	3	13	-	13
Other trading activities	4	2,475	2	2,477	2,223	-	2,223
Investments	5	224	-	224	266	-	266
Total income		4,248	13	4,261	3,882	-	3,882
Expenditure on:							
Raising funds:	6						
Costs of trading activity		2,160	-	2,160	1,848	-	1,848
Other costs of raising funds		46	-	46	27	-	27
Investments		120	-	120	159	-	159
Charitable activities							
Courses & Residential	6	1,917	18	1,935	1,602	2	1,604
Other activities	6	4	-	4	9	-	9
Total expenditure		4,247	18	4,265	3,645	2	3,647
Net income/(expenditure) before net gains/(losses) on investments		1	(5)	(4)	237	(2)	235
Net gains/(losses) on investments		(1,457)	-	(1,457)	1,956	-	1,956
Net Income/ (expenditure)		(1,456)	(5)	(1,461)	2,192	(2)	2,191
Transfers between funds		-	-	-	-	-	-
Net movement in funds		(1,456)	(5)	(1,461)	2,192	(2)	2,191
Reconciliation of funds:							
Total funds brought forward		28,353	406	28,759	26,162	408	26,568
Total funds carried forward		26,897	401	27,298	28,353	406	28,759

Please note: The data for the Financial Statements is derived from the School accounts system which produces actual numbers down to pounds and pence. The Financial Statements are shown as whole numbers rounded up or down to the nearest thousand. Therefore there may be small variances in addition in some rows or columns.

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 23 to the financial statements.

Note 6a explains how support and governance costs have been allocated differently in 2022 and 2021.

The notes on pages 38 to 54 form part of these financial statements.

Balance sheets

As at 31st December 2022

	Note	The group		The charity	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets:					
Tangible assets	13	15,287	15,497	15,197	15,377
Investment properties	14	7,060	8,212	7,060	8,212
Investments	15	2,977	3,306	3,334	3,663
		25,324	27,015	25,591	27,252
Current assets:					
Stock	17	490	370	78	83
Debtors	18	285	357	292	323
Cash at bank and in hand		1,770	1,730	1,501	1,173
		2,545	2,457	1,871	1,579
Liabilities:					
Creditors: amounts falling due within one year	19	543	609	343	344
Net current assets		2,002	1,848	1,528	1,235
Total assets less current liabilities		27,326	28,863	27,119	28,487
Creditors: amounts falling due after one year	20	28	104	-	29
Total net assets		27,298	28,759	27,119	28,458
Funds:	23				
Restricted income funds		401	406	401	406
Unrestricted income funds:					
Designated funds		2,000	2,000	2,000	2,000
Fair value reserve		5,443	6,900	5,443	6,900
General funds		19,275	19,152	19,275	19,152
Non-charitable trading funds		179	301	-	-
Total unrestricted funds		26,897	28,353	26,718	28,052
Total charity funds		27,298	28,759	27,119	28,458

The notes on pages 38 to 54 form part of these financial statements.

Approved by the Trustees on 23 June 2023.

S. Silver
Chair

C. Rees
Treasurer

Consolidated statement of cash flows

For the year ended 31st December 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
Cash flows from operating activities	24				
Net cash provided by/(used in) operating activities			(62)		253
Cash flows from investing activities:					
Dividends, interest and rents from investments		224		247	
Proceeds from the sale of assets		-		-	
Purchase of fixed assets		(122)		(323)	
Proceeds from sale of investments		-		350	
Purchase of investments		-		-	
Net cash provided by/(used in) investing activities			102		274
Change in cash and cash equivalents in the year			40		527
Cash and cash equivalents at the beginning of the year			1,730		1,203
Cash and cash equivalents at the end of the year			1,770		1,730

The notes on pages 38 to 54 form part of these financial statements.

Notes to the financial statements

For the year ended 31st December 2022

1 Accounting policies

a) Basis of preparation

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) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Waterperry Gardens Limited (company number 02233285) on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two organisations are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as the summary of the result for the year is disclosed in the notes to the financial statements.

b) Statutory information

The Fellowship of the School of Economic Science is an unincorporated charity (charity number 313115, OSCR number SC039950) and registered in England and Wales, and Scotland. The registered office and main place of business is 11 Mandeville Place, London, W1U 3A.

c) Public benefit entity

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

d) Going concern

The Trustees are confident that the Charity remains a going concern and, combined with the mitigating actions described in the Trustees' report, has sufficient cash, investment and property reserves to cope with any financial issues for the foreseeable future. To protect the longer term interests of the charity, there is currently a review of the estate and operations ongoing, and the Trustees intend to make the necessary decisions in order to ensure the financial stability of the Charity for the longer term.

e) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Notes to the financial statements

For the year ended 31st December 2022

1 Accounting policies (continued)

Courses and residential fees are included in the statement of financial activities during the year as earned.

Students attending the early parts of the philosophy course, which make up a majority of this income, pay a fee covering their attendance at these classes each term. However, students in the senior parts of the School pay an annual composite fee that also includes the costs of their residential accommodation and study days attendance. Any income received in advance is deferred.

Investment income is recognised as income during the year to which it relates.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Turnover from trading activities is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover represents revenue earned from the sale of goods and is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other income received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose and costs of trading activities.
- Expenditure on investments relates to investment management fees incurred by the School
- Expenditure on charitable activities includes the costs of courses, residentials and other activities undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs and governance costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned directly to the appropriate activity except for some expense items that have been apportioned according to the space occupied.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Support and governance costs are apportioned as follows:

▪ Cost of raising funds	6.3%
▪ Investments	5.4%
▪ Courses & Residential	88.0%
▪ Other activities	0.2%

Notes to the financial statements

For the year ended 31st December 2022

1 Accounting policies (continued)

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Taxation

The Fellowship is a registered charity and therefore is not liable to income or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities. The subsidiary company is subject to corporation tax but any profits arising will normally be Gift Aided to the parent charity, so generally no tax charge will arise.

l) Tangible fixed assets

The building element of the tangible fixed asset properties held by the school are depreciated over 100 years. An annual impairment review is also undertaken in accordance with Financial Reporting Standard 102.

For other tangible fixed assets depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

▪ Long leasehold property	1% on cost
▪ Improvements in building	1%–33.3% on cost
▪ Motor vehicles	25% on cost
▪ Equipment	10%–33.3% on cost

Items of equipment are capitalised where the purchase price exceeds £1,000, but there is some leeway for branches. Certain temporary items of equipment have been written off at the rate of 50% on cost.

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Any change in fair value is recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. The valuation method used to determine fair value will be stated in the notes to the accounts.

Investments

Investments are valued in the balance sheet at their mid-market or bid price at the balance sheet date. Investment management costs are accounted for as incidental costs of the acquisition or disposal where transaction based, while investment income management costs are charged as expenditure out of the relevant income funds. Investment gains and losses are shown in the statement of the financial activities. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the statement of financial activities.

Investments in subsidiaries

Investments in subsidiaries are at cost.

Notes to the financial statements

For the year ended 31st December 2022

1 Accounting policies (continued)

n) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

o) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

p) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

q) Creditors and provisions and financial instruments

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

r) Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

s) Pensions

The charity operates a defined contribution scheme for the benefit of employees. Contributions payable are charged to the statement of financial activities in the year they are due.

t) Volunteers

In line with SORP 2015, the contribution of general volunteers is not be included as income in the accounts due to the absence of a reliable measurement basis. However the role of volunteers within the charity is disclosed in the report of the Trustees.

u) Charitable donations

From time to time the school makes donations to other charities and individuals whose activities are in line with its own charitable objectives. These donations are made at the discretion of the Trustees.

Notes to the financial statements

For the year ended 31st December 2022

2 Income from donations and legacies

	Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
Legacies	289	–	289	217
Donations and gift aid	134	11	145	208
	<u>423</u>	<u>11</u>	<u>434</u>	<u>425</u>

3 Income from charitable activities

	Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
Courses & residential	1,123	–	1,123	955
Other activities	3	–	3	13
Total income from charitable activities	<u>1,126</u>	<u>–</u>	<u>1,126</u>	<u>968</u>

4 Income from other trading activities

	Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
Waterperry Gardens income	2,185	–	2,185	2,089
Sales of:				
Books and CDs	40	–	40	27
Refreshments	16	–	16	3
Income from room hire	213	–	213	89
Various other sources of income	21	2	23	15
	<u>2,475</u>	<u>2</u>	<u>2,477</u>	<u>2,223</u>

5 Income from investments

	Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
Rent – investment properties	223	–	223	247
Dividends	–	–	–	19
Bank deposit and short term interest	1	–	1	–
	<u>224</u>	<u>–</u>	<u>224</u>	<u>266</u>

Notes to the financial statements

For the year ended 31st December 2022

6a Analysis of expenditure (current year)

	Cost of raising funds £'000	Investments £'000	Charitable activities			Support costs £'000	Total £'000
			Courses and residential £'000	Other Activities £'000	Governance costs £'000		
Staff costs (Note 9)	829	-	-	-	-	601	1,430
Direct supply costs	200	-	237	-	-	-	437
Cost of sales	783	-	-	-	-	-	783
Publicity	41	-	166	-	-	-	207
Premises – running costs	140	-	221	-	-	-	361
Premises – major repairs	11	-	146	-	-	-	157
Legal & professional	-	80	19	-	-	-	99
Audit and other fees	10	-	-	-	35	-	45
Administration	102	-	213	1	-	91	407
Depreciation	44	-	286	2	-	-	332
Charitable donations (note 8)	-	-	7	-	-	-	7
	2,160	80	1,295	3	35	692	4,265
* Support costs	44	38	609	1	-	(692)	-
* Governance costs	2	2	31	-	(35)	-	-
Total expenditure	2,206	120	1,935	4	-	-	4,265

* From 2022, support costs and governance costs are allocated proportionally based on charity costs instead of group costs. Both costs in 2021 are restated for comparison under Note 6b.

Notes to the financial statements

For the year ended 31st December 2022

6b Analysis of expenditure (prior year)

	Cost of raising funds £'000	Investments £'000	Charitable activities			Support costs £'000	Total £'000
			Courses and residential £'000	Other Activities £'000	Governance costs £'000		
Staff costs (Note 9)	749	-	-	-	-	554	1,303
Direct supply costs	141	-	184	-	-	-	325
Cost of sales	707	-	-	-	-	-	707
Welfare	-	-	-	-	-	-	-
Publicity	31	-	101	-	-	-	132
Premises – running costs	88	-	161	-	-	-	249
Premises – major repairs	-	-	113	-	-	-	113
Legal & professional	-	100	23	-	-	-	123
Audit and other fees	9	-	-	-	28	-	37
Administration	85	-	143	3	-	95	326
Depreciation	38	-	289	3	-	-	330
Charitable donations (note 8)	-	-	2	-	-	-	2
	<u>1,848</u>	<u>100</u>	<u>1,016</u>	<u>6</u>	<u>28</u>	<u>649</u>	<u>3,647</u>
Support costs (restated)	26	56	564	3	-	(649)	-
Governance costs (restated)	1	3	24	-	(28)	-	-
Total expenditure	<u><u>1,875</u></u>	<u><u>159</u></u>	<u><u>1,604</u></u>	<u><u>9</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,647</u></u>

Notes to the financial statements

For the year ended 31st December 2022

7 Net income for the year

This is stated after charging:

	2022	2021
	£'000	£'000
Depreciation	332	330
Auditor's remuneration:		
Audit	44	37
	<u>44</u>	<u>37</u>

8 Grant making

	Grants to institutions £'000	Grants to individuals £'000	2022	2021
			£'000	£'000
A Purves – Economics Research	-	7	7	2
	<u>-</u>	<u>7</u>	<u>7</u>	<u>2</u>

Grants are given for education and research purposes. A Purves is a director of the trading subsidiary Waterperry Gardens Limited.

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022	2021
	£'000	£'000
Salaries and wages	1,242	1,131
Social security costs	96	83
Employer's contribution to defined contribution pension schemes	92	89
	<u>1,430</u>	<u>1,303</u>

One employee earned between £70,000–£79,999 not including employer's National Insurance contributions during the year. (In 2021, one employee earned between £60,000–£69,999 not including employer's National Insurance contributions during the year).

The total employee benefits including pension contributions and employer's National Insurance contributions of the key management personnel were £210,020 (2021: £192,118).

The Trustees were not paid and did not receive any other benefits from employment with the Charity in the year (2021: £Nil). One Trustee was reimbursed £3,234 for planning application fees paid on behalf of the charity (2021: £Nil).

Trustees' expenses are for attendance at meetings of the Trustees or business meetings on behalf of the charity. In 2022, one trustee had expenses of £85.33 (2021: £Nil).

Notes to the financial statements

For the year ended 31st December 2022

10 Staff numbers

The average number of employees (head count based on number of staff employed including full time and part time staff) during the year was as follows:

	2022 No.	2021 No.
Raising funds (trading activity)	66	59
Courses and residentials	18	20
	<u>84</u>	<u>79</u>

66 (2021: 59) employees above were employed by Waterperry Gardens Limited and the remaining 18 (2021: 20) were employed by the parent charity.

11 Related party transactions

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties. There are no related party transactions to disclose for this financial year (2021: none).

12 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Waterperry Gardens Limited is liable to pay corporation tax at 19% on any profits not gift aided to the parent charity. In 2022 it had a tax liability of £10,900 (2021: Nil).

Notes to the financial statements

For the year ended 31st December 2022

13 Tangible fixed assets

The group

	Freehold property £'000	Leasehold property £'000	Equipment/ improvements £'000	Total £'000
Cost				
At the start of the year	12,976	322	6,062	19,360
Additions in year	-	-	122	122
Reclassification	14	-	(14)	-
At the end of the year	12,990	322	6,170	19,482
Depreciation				
At the start of the year	333	284	3,246	3,863
Charge for the year	77	7	248	332
At the end of the year	410	291	3,494	4,195
Net book value				
At the end of the year	12,580	31	2,676	15,287
At the start of the year	12,643	38	2,816	15,497

The charity

	Freehold property £'000	Leasehold property £'000	Equipment/imp rovements £'000	Total £'000
Cost				
At the start of the year	12,976	11	5,040	18,027
Additions in year	-	-	108	108
Reclassification	14	-	(14)	-
At the end of the year	12,990	11	5,134	18,136
Depreciation				
At the start of the year	333	2	2,316	2,651
Charge for the year	77	-	211	288
At the end of the year	410	2	2,527	2,939
Net book value				
At the end of the year	12,580	9	2,607	15,197
At the start of the year	12,643	9	2,724	15,377

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31st December 2022

14 Investment properties

	The group		The charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fair value at the start of the year	8,212	6,528	8,212	6,528
Purchase /Transfer from fixed assets	-	88	-	88
Property sold during year	-	-	-	-
Revaluation during the year	(1,152)	1,596	(1,152)	1,596
Fair value at the end of the year	7,060	8,212	7,060	8,212
Historic cost at the end of the year	4,363	4,363	4,363	4,363

The investment properties have been valued by Carter Jonas LLP which provided professional valuation services for accounting purposes for the year end 31 December 2022.

15 Listed investments

	The group		The charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Investments at the start of the year	3,306	3,305	3,663	3,662
Deposits	-	-	-	-
Withdrawals	-	(350)	-	(350)
Dividends and Interest Income	-	19	-	19
Fees	(12)	(27)	(12)	(27)
Net losses on value of shares	(317)	359	(317)	359
Investments at the end of the year	2,977	3,306	3,334	3,663
Investments consist of				
Listed investments	2,977	3,306	2,977	3,306
Investment in Subsidiary	-	-	357	357
Cash held by broker	-	-	-	-
Market value at the end of the year	2,977	3,306	3,334	3,663

Notes to the financial statements

For the year ended 31st December 2022

16 Subsidiary undertaking

The charity owns the whole of the issued ordinary share capital of Waterperry Gardens Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. One trustee, Sherry Moran, was appointed a director in July 2021. Available profits are gift aided to the parent charity. A summary of the results of the subsidiary is shown below:

	2022 £'000	2021 £'000
Turnover	2,186	2,089
Turnover from sales to parent undertaking	27	21
Cost of sales	(1,734)	(1,522)
Gross profit	<u>479</u>	<u>588</u>
Administrative expenses	(352)	(280)
Management charge payable to parent undertaking	(34)	(61)
Operating profit / (loss)	<u>93</u>	<u>247</u>
Interest payable to parent undertaking	(2)	(1)
Profit / (loss) on ordinary activities	<u>91</u>	<u>246</u>
Tax on profit	(6)	-
Profit / (loss) for the financial year	<u><u>85</u></u>	<u><u>246</u></u>
The aggregate of the assets, liabilities and funds was:		
Assets	1,059	1,094
Donation to parent under gift aid	(200)	-
Liabilities	(323)	(435)
Funds	<u><u>536</u></u>	<u><u>659</u></u>

Amounts owed to/from the parent undertaking are shown in note 18.

17 Stock

	The group		The charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Books	78	83	78	83
Garden centre stock	412	287	-	-
	<u><u>490</u></u>	<u><u>370</u></u>	<u><u>78</u></u>	<u><u>83</u></u>

Notes to the financial statements

For the year ended 31st December 2022

18 Debtors

	The group		The charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts due from subsidiary	-	-	47	56
Trade debtors	100	122	112	111
H M Revenue & Customs	26	31	26	31
Prepayments	86	106	34	41
Other debtors	73	98	73	84
	285	357	292	323

Amounts due from subsidiary comprise a loan, current total £46,840, from the parent charity to the subsidiary to pay for expenditure on brown motorway tourist signs. It is repayable within 5 years at an interest rate of 2.25%. The loan is included at cost, as the impact of discounting would be immaterial to the financial statements.

19 Creditors: amounts falling due within one year

	The group		The charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	92	133	94	103
Accruals	94	35	57	35
External loans	59	159	9	59
Taxes and social security costs	117	66	19	14
Deferred income	85	72	85	72
Other creditors	96	144	79	61
	543	609	343	344

Notes to the financial statements

For the year ended 31st December 2022

20 Creditors: amounts falling due after one year

	The group		The charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Retirement benefits payable in more than one year	-	29	-	29
External loans payable in more than one year	17	67	-	-
Deferred Tax	11	7	-	-
	28	104	-	29

In 2021, one ex-employee of the School was in a receipt of a pension paid directly by the School. The Trustees considered it appropriate to adopt a policy of maintaining a reserve equal to the pension multiplied by a number of years determined by the Trustees having regard to the individual's age and health, with no allowance for either discounting or future inflation. On this basis the reserve for the pension in payment at the end of 2021 was £29,200. The ex-employee died in 2022. No further reserve is required.

The external loan is a CBILS loan taken out by Waterperry Gardens Limited.

21 Pension scheme

The Fellowship operates a defined contribution scheme and contributes 7% of the salary of those staff who have decided to enter into a personal pension arrangement, direct to the insurer. The charge for the period was £74,166 (2021: £72,431).

22a Analysis of group net assets between funds (current year)

	Restricted £'000	Designated £'000	General funds £'000	Total funds £'000
Tangible fixed assets	-	-	15,287	15,287
Fixed asset investments	-	2,000	8,037	10,037
Net current assets	401	-	1,601	2,002
Creditors: amount falling due in over one year	-	-	(28)	(28)
Net assets at the end of the year	401	2,000	24,897	27,298

22b Analysis of group net assets between funds (prior year)

	Restricted £'000	Designated £'000	General funds £'000	Total funds £'000
Tangible fixed assets	-	-	15,497	15,497
Fixed asset investments	-	2,000	9,518	11,518
Net current assets	406	-	1,442	1,848
Creditors: amount falling due in over one year	-	-	(104)	(104)
Net assets at the end of the year	406	2,000	26,353	28,759

Notes to the financial statements

For the year ended 31st December 2022

23a Movements in funds (current year)

	At the start of the year £'000	Income and gains £'000	Expenditure and losses £'000	Transfers £'000	At the end of the year £'000
Restricted funds:					
Specific charitable activities	279	13	(18)	-	274
Future branches properties	127	-	-	-	127
Total restricted funds	406	13	(18)	-	401
Unrestricted funds:					
Designated funds:					
Building and capital asset reserve	1,000	-	-	-	1,000
Opportunity reserve	1,000	-	-	-	1,000
Total designated funds	2,000	-	-	-	2,000
Fair value reserve	6,900	-	(1,457)	-	5,443
General funds	19,152	2,035	(1,912)	-	19,275
Non-charitable trading funds	301	2,213	(2,335)	-	179
Total unrestricted funds	28,353	4,248	(5,704)	-	26,897
Total funds	28,759	4,261	(5,722)	-	27,298

Purposes of restricted funds

Specific charitable activities relate to specific activities of the various faculties and branches in the School. The Future branches properties fund comprises monies raised in prior years for the specific purpose of purchasing local buildings for two branches based in Berkshire and the Midlands.

Purposes of designated funds**Building and Capital Asset reserve**

The purpose of this fund is to hold building acquisition funds for purchasing additional accommodation, particularly in the larger branches without property, where many students attend classes held in rented accommodation. Finding suitable premises with consent for educational use in the right location is difficult, so there are only limited opportunities for the Charity to make such investments. While government regulations prevented meetings in person, there was no such need, but as life returns to normal and classes start to resume in School buildings, the possibility of further acquisitions returns.

This Fund can be used for buildings improvement and refurbishment either from the interest earned thereon or from the capital itself. Assuming that the project to upgrade the second floor of Waterperry House proceeds, it will be funded from this reserve.

Notes to the financial statements

For the year ended 31st December 2022

Opportunity Reserve

The Opportunity Reserve is intended to provide funds to meet special targets of opportunity or need that further the mission of the organisation, which may or may not have specific expectation of incremental or long-term increased income. The Opportunity Reserve is also intended as a source of internal funds for organisational capacity building, such as staff development, research and development, or investment in infrastructure that will build long-term capacity. In 2023 the trustees intend to research and plan the replacement of the current accounting and CRM system, and then implement it in 2024. This will be funded from the Opportunity Reserve. The target amount of the Opportunity Reserve is determined by the Executive Committee.

Benevolent Fund

The charity also operates a benevolent fund called The School of Economic Science Benevolent Fund (Charity Number 313115-1). It is funded from the Operating reserve to provide financial assistance for poor students attending any of the classes conducted by the charity.

23b Movements in funds (prior year)

	At the start of the year £'000	Income and gains £'000	Expenditure and losses £'000	Transfers £'000	At the end of the year £'000
Restricted funds:					
Specific charitable activities	281	-	(2)	-	279
Future branches properties	127	-	-	-	127
Total restricted funds	408	-	(2)	-	406
Unrestricted funds:					
Designated funds:					
Building and capital asset reserve	1,000	-	-	-	1,000
Opportunity reserve	1,000	-	-	-	1,000
Total designated funds	2,000	-	-	-	2,000
Fair value reserve	4,944	1,956	-	-	6,900
General funds	19,160	1,773	(1,781)	-	19,152
Non-charitable trading funds	56	2,109	(1,864)	-	301
Total unrestricted funds	26,160	5,838	(3,645)	-	28,353
Total funds	26,568	5,838	(3,647)	-	28,759

Notes to the financial statements

For the year ended 31st December 2022

24 Reconciliation of net income to net cash flow from operating activities

	2022 £'000	2021 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,461)	2,191
(Gains)/losses on investments	1,469	(1,956)
Investment manager fees	12	27
Gain on sale of fixed assets/property	-	-
Depreciation	332	330
(Increase)/decrease in stocks	(120)	(45)
(Increase)/decrease in debtors	72	(12)
(Decrease)/increase in creditors	(142)	(15)
Investment income	(224)	(266)
Legacy income in the form of property	-	-
Net cash provided by / (used in) operating activities	(62)	253

25 Results of the parent charity

	2022 £'000	2021 £'000
Turnover	<u>2,317</u>	<u>1,854</u>
Net result of the charity	<u>(1,338)</u>	<u>1,946</u>