

Annual Report & Accounts

**Trustees' Annual Report and Financial Statements 2019
Scripture Gift Mission (Incorporated)**

**Company number 145932
Charity number 219055**

LIFEWORDS
www.lifeworlds.global

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REPORT OF THE TRUSTEES INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31 December 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011; the Companies Act 2006; the Memorandum and Articles of Association; and 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) (effective 1 January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES & ADVISORS

Charity Number: 219055
Company Number: 145932
Operating Name: Lifewords

Registered Office: 1A The Chandlery
50 Westminster Bridge Road
LONDON
SE1 7QY

Independent Auditor: Mazars LLP
2nd Floor, 6 Sutton Plaza
Sutton Court Road
Sutton
SM1 4FS

Principal Banker: Royal Bank of Scotland plc
Drummond House, 1 Redheughs Avenue
EDINBURGH
EH12 9RH

Investment Manager BNY Mellon Fund Managers Ltd
Client Service Centre, PO Box 366
DARLINGTON
DL1 9RF

Key management personnel: Trustees and Directors

The Trustees of the charity are the Directors for the purposes of company law and throughout this report are referred to as "the Board" or "the Trustees". Board members serving during the year were as follows:

Directors and Trustees	David Morgan	(Chair)
	Robin Baker	(appointed 28 March 2019)
	Lynn Caudwell	(resigned 7 March 2019)
	Elisabeth Heyburn	(Vice-Chair)
	Mark Hurley	
Company Secretary	Fred Slack	(resigned 25 September 2019)
	Eduardo Juan Harris	

Key management personnel: Executive Team

Creative & Communications Director	Steve Bassett
Finance & Operations Director	Eduardo Juan Harris
Global Bible Resources Director	Jarek Jankowski

AIMS, OBJECTIVES & ACTIVITIES

The Charity is an inter-denominational Christian organisation, formed to take the Christian Gospel worldwide by the creation and predominantly free distribution of Scripture products and programmes. This is achieved through an International and UK Office in London, which also has close links with legally separate organisations in Australia, Brazil, Canada, India, Indonesia, Kenya, and USA. Our Global Bible Resources programme is managed and run from Poland.

AIMS

Working with partners around the world and with the church at large, the Charity works so that everyone, everywhere may have the opportunity to experience the Bible's life words as good news for their lives, and for the world. We do this by creating opportunities for life words to be shared and lived out. All our programmes, resources, literature, and digital tools invite people to explore the Bible for themselves. We build bridges across languages and cultures, creating new ways in to the Bible's good news for all.

Our aims are achieved by:

- Creation and free distribution of Bible literature, providing ways in to the Bible in many languages and for different audiences and cultures.
- Partnerships with a wide range of organisations to provide specialist Bible-based programmes, training, and resources for communities-at-risk.
- Provision of digital tools and resources to engage younger generations particularly with the Bible's life words on a regular/daily basis, as a way of life and practice.
- Ongoing research and development of new resources and programmes to engage specific communities and cultures with the Christian Scriptures, for positive change.
- Engagement with individuals, churches, trusts, and other organisations – providing ways for people to support the work of the Charity around the world.

The Trustees confirm that they have complied with their duty per the Charities Act 2011 to have due regard to the Charity Commission's general guidance on Public Benefit.

STRATEGIC OBJECTIVES FOR 2019

Alongside widespread distribution of resources, and provision of programmes with partners, in 2019 our particular strategic objectives were:

- Globally, to resource churches and individuals for personal evangelism, outreach, and pastoral care, through provision of Bible resources (in print and in digital format) in 22 key strategic languages (plus a further 16 languages where there is a particular mission need).
- In the UK, to encourage churches to share the Bible with their local communities at key 'mission moments' in the year (Christmas and Easter especially).
- To provide effective ways in to the Bible (and specifically to the way of Jesus) for young people and young adults in UK and global culture, so that they might experience life words as good news that makes a difference in their lives and in the world.
 - Follow-through on our investment in NINE BEATS – to keep us moving forward with engaging Bible and culture, beyond our traditional 'booklet work'.
 - Review *VerseFirst* and explore other digital ideas to add to our youth and teen range.
- Globally, to extend the reach of our existing Bible programmes and to increase the impact of life words in local communities.
 - Equip more partner organisations to use Pavement Project with children-at-risk through a 'training of trainers' programme, plus an app. Reshaping our current 'training of trainers' model in the locations where we are currently based to establish enough trainers to scale down our own training programme, and allow partners to take training forward.

- Invest in digital (app) and online (video/web) resources in 2019. By 2020/21 we will be able to commit less resource to current activity – giving us options to deploy these resources differently within the programme.
- Review and develop LCW app.
- To continue to engage existing UK supporters as partners in the Charity’s work; as ‘sharers’ of life words, as prayer partners, and as financial donors. Also to revitalise our profile and case for support, developing the Lifewords brand with a view to the future and to addressing needs for new support and for long-term financial sustainability.
 - Prioritise the development of UK networks for impact and support, using the new Lifewords brand to help increase profile and engagement with UK Christians.
 - Look at staffing needs to better achieve the above.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR

Providing ways in to the Bible

“While they were there, the time came for the baby to be born, and she gave birth to her firstborn, a son. She wrapped him in cloths and placed him in a manger, because there was no guest room available for them.” (Luke 2:6-7 NIV)

We spent time this past year reflecting on the Nativity story’s impetus to ‘make room’ for what God births in us. As an organisation, we constantly need to consider what room we have made for God’s love to grow, what space for new things to birth, whether we welcome possibility, dare to embrace other stories, risk opening ourselves to the story God is telling afresh in us. Lifewords experience throughout 2019 was to make room for what God is doing, to walk where the Spirit is leading.

In 2019, we continued to work out of our 131-year heritage of Bible and mission to serve the church and to reach the world. We did this through our core range of literature, through supporting resources both online and physical, through unique mission, through innovative contemporary projects, and through partnership with our supporters. All our work in creating ways in to the Bible is rooted in responses to strategic needs, mission contexts, the equipping of the church, and the needs of the world at large.

Specifically, our 2019 activity comprised of our core ongoing Bible literature and resource range; our work with children and teens through Pavement Project and Choose Life; online platforms such as Life Changing Words; projects for youth and young adults (VerseFirst and NINE BEATS), our response to unique mission opportunities, and our ongoing development of church supporter relationship.

Ways in to the Bible – ‘core’ audiences

Literature

We are thankful to God that the demand and use of Lifewords literature resources has been consistent and even growing. Overall in 2019 Lifewords freely provided 1,073,000 copies of printed resources (individuals, churches, and organisations) around the world [2018: 1,223,000]. This reached 70 countries in 44 languages [2018: 73 countries in 46 languages]. All our resources provide people with a way in to the Bible’s life words for themselves. Partners once again used Lifewords resources to share the Bible through church events, personal evangelism, and outreach work; with families, refugees, and the elderly; with exploited women, at-risk children and people with disability; and through chaplains in hospitals and prisons, drop-in centres and schools.

More specifically, we are grateful that our **Global Bible Resources** programme continued to equip people around the world with strategically chosen resources in a core of 22 key global languages – as well as in other languages where there is a specific need. In 2019 we freely provided nearly half a million copies, which was the highest annual volume in recent years. In detail, 2019 saw 3,928 orders generating 493,064

resources for 67 countries in 40 languages. Some of the main Global Bible Resources programme highlights were:

- 31% higher distribution than 2017 (15% higher than 2018).
- The number of grants sent in 2019 was 69% higher than 2017 (21% higher than 2018).
- 67% of the Bible resources distributed in 2019 went to non-EU countries (73% in 2018).
- Current average age of people ordering printed resources: 39 years (38 in 2018).

New titles, revisions and reprints also flourished: seven new titles were added in six languages - Chinese, French, Romanian, Spanish, Urdu, and Polish. 13 reprints (in English, French, German, Polish, Portuguese and Spanish) and two revisions (Dutch and Polish) completed the year's work. Additionally, other offices and partner organisations received assistance on local editions and print runs, including: Three *Power to save* booklets in Manado prepared for local production in Indonesia, and Portuguese European *Finding hope* and *The Way to Life* printed by the Bible Society in Portugal (who translated, covered print costs and co-ordinated local distribution).

Once more, our Global Bible Resources programme – led by Jarek Jankowski out of Torun, Poland - continues to serve the church worldwide with free Scripture resources.

"We are working, my husband and I, here in Peru, with the communities that are between Brazil and Peru. These are families in socially vulnerable situations, children, men, women, young and old. So this rich material will continue to help us, sowing the Word of the Kingdom to this population." (Peru)

"The materials help us bring the word of life to these young people who live in the world of crime and also to people who are still lost and captive. I am part of a group of young people who are committed to the work of God. We already do evangelistic movements, visits, street services, social actions, and we will do much more, and thanks to Lifewords materials, we achieve goals, people accept Jesus, people reconcile." (Brazil)

To further cement the upward distribution trend, through bookshops, hospitals, prisons, churches, schools and exhibitions, our office in Kenya distributed 90,500 resources to partners from Kenya, Tanzania, Zambia, Nigeria and Ethiopia – an increase of over 50% compared to 2018.

UK

We are glad to report 2019 yielded our highest Christmas order numbers on recent record, 163,000. The revised *Meet the Cast* (shorter, revitalised visuals, improved readability) was launched for families and children, and was hugely popular; our partnership with CPO made it more widely available through their catalogue along with extras such as cards, posters and even large church banners. When added to our existing range (including the popular and challenging *OUTSIDE/IN*), it meant we were able to offer a range of seasonal resources that really reached across church activities for both young and old.

"Meet the Cast is brilliantly put together ... perfect to give out to the families that will be coming into our building over the Christmas period." SD, Children's and Youth worker, Bournemouth Community Church.

Daily Strength: Taking soundings from our audience and professionals, we decided to do another upgrade on *Daily Strength*. We rebooted the entire visual content, improved readability, especially for an older reader and with a view to hospital patients' needs (one of the many ways the booklet is used). We are very happy with the process, both in terms of reflection on audience needs and our own ability to respond. Moreover, the new revision is also available in a large print version. We received very positive reaction from supporters and trusts/partners alike.

"Wow! What a super job you have made of the new Daily Strength! I think it is wonderful! --- because: it is uplifting and full of God's promise; the Gospel is clear; it has an uplifting message; it is easy to read – distinct, contrasty print; pleasant pictures. I am sure it will be very much used!" HR, Lifewords supporter.

Across our range, the interest in material touching on real life issues was encouraging – such as this comment on our resource aimed at young people with mental health issues: “...thank you for the *Little Book of Chaos*. It brightened up my day! I keep sharing it with all of my friends and family and all of them love it. You are doing an amazing job by trying to help this world full of broken people and God sees it!!! I'll be praying for you.”

Australia

Chaplains being the largest recipients of booklets, with 17,200 distributed. Pastoral resources are the most popular, followed by seasonal resources, which includes WW1 gospels. Significant partnerships, such as with Anglicare & Presbyterian Care Chaplaincy, form a solid base for our work. An interesting connection was made in Western Australia with Peter Walters - a great-grandson of William Walters (the Mission's founder). Peter has followed our work for many years, and knows many of the strong links back through the years.

With 3,700 resources going out in New Zealand; with many dozens of small but unique missions continuing to use our tailored resources; with serving people with Tamil resources for an Indian outreach; with our WW1 Replica Gospels prominent at the Australian War Memorial at ANZAC Day; and continual testimonies and orders coming from those working in prisons, hospitals and aged care facilities, there is much potential for growth.

“Just wanted to let you know that we really love your [resources]. They are visually very appealing, with not too many words. However, the message is well conveyed. We have found them to be the best we have come across, and we feel really confident about giving them out.” MH, Ulladulla Baptist Church.

Digital

We carried out the planned developmental work on our long-serving LCW app. This included editing and translation work in 11 languages. With the new content, new features and technical improvements some 4,009 new people have installed the LCW app, and the total number of installs (since the beginning) has grown to 40,984. There were thousands of user interactions with the Bible verses - 15,203 shares, including 10,757 text messages – and 58,498 verse/category responses. Active LCW email subscribers grew by 9%. By the end of 2019, 26,973 people, representing over 200 countries, were receiving the LCW email daily.

We are encouraged by the upgrade, and note that our apps are highly rated by App Store (4.6-4.9), and Google Play (4.6). We also recorded 30,514 downloads of our *e-books* (compared to 34,212 in 2018) – a slight (11%) decrease.

“A GREAT way to start reading the Bible: This very simple and BEAUTIFUL app makes me start reading the Bible more often than I usually would.”

“Something to chew on: Bite size pieces from God daily or I can have extra servings with a touch of my fingertip! Great app! Thanks!”

(source: App store and Google Play – various language sections)

Other resources

Ways into the Bible - unique mission opportunities

Africa: Choose Life: there are 93 active Choose Life Partners in Kenya alone (33 schools and 60 churches). The programme impacted lives of teenagers and young people as they interacted with the materials. The contexts continue to be varied – and over 3,000 teenagers and young people were reached in western Kenya alone. Examples include:

- In West Pokot, through a women group, the programme reached 100 girls who fled from FGM and were rescued.

- In Rusinga School, the chaplain used Choose Life as a rite of passage resource for transition from junior to senior school - helping children open up to their teachers and parents.
- At Industrial Area and Langata Prison Chapel, children of prison wardens and police officers were impacted and empowered in their choice making.

In addition, Pavement Project work continues. Clara Ngobolia reports that a total of 321 workers have been trained across Kenya (where there are 150 alone), DRC, Uganda, Tanzania and Zimbabwe.

Late in 2019, a story gathering visit to a Pavement Project training in Zimbabwe was undertaken to capture for 2020 outputs – including the 20th ‘official’ anniversary of the start of Pavement Project.

Indonesia – world’s largest Muslim population

Highlights of 2019 for Indonesia include 1,100 pastors and church leaders joining training for *The Visible Story*, with 1,750 pastors, church leaders and Sunday schoolteachers undergoing training in applying the ‘flip cards’ part of the project. 12,570 booklets have been distributed, mostly to the rural areas. We are ministering in 15 different locations throughout this vast nation, together with 14 partners.

At-Risk children: Pavement Project

Globally in 2019, we followed the plan to develop trainers to train other people - reaching 19 countries around the world, with 31 new trainers certified and 38 in process.

Our Polish and Brazilian teams collaborated on the app to forge an accurate specification to find the best developers, price, raise funding, and go to implementation. In 2019, we introduced the use of the green bag app in 13 countries with a small group of workers. 218 children were counselled with the Portuguese and Spanish digital format. The roll-out will continue in 2020.

Other highlights included starting up in Venezuela to respond to the people's suffering in the face of the serious situation in which the country finds itself. The local project leaders reported the green bag arrived at the right time to help the children, who have suffered so much. In partnership with the Venezuelan National Baptist Convention, we trained 12 workers from six different states. We also started training six trainers, who will make this transforming tool reach many more who need it desperately. This was the subject of our UK Christmas appeal.

A lot of activity in 2019 centred on Brazil, where:

- 41 workers were trained in 5 states over 7 training sessions – including the first training at DEGASE - General Department of Socio-Educational Actions (for teenagers in conflict with the law in Rio de Janeiro). The training was a response to the call from volunteers working at DEGASE who, knowing the project’s methodology, recognised it as an effective way to transform the lives of teenagers deprived of their freedom. Teenagers have been sharing their hard stories of emotional pain - experiencing healing and the opportunity to make new choices in life.
- The 2nd Online Pavement Project Congress was held on October 3-6, with 86 participants. This has strengthened one of the purposes of Pavement Project, which is to promote protection of children, preventing trauma and abuse.
- The “*One Year. One Life, because each child is unique*” campaign was launched, inviting supporters to accompany a child in their emotional, spiritual, intellectual and family development, through counselling. Every month the supporter receives news from the child. The experience has involved the donor’s family, and has exceeded the targets. Donors have understood that integral transformation happens on both sides of the campaign, in the life of the counselled child and in the life of the donor!

“I am grateful to Lifewords for producing something so effective that not only heals children but also strengthens us workers with conviction and determination to reach the heart of the child and respect them as they are.” Worker from Rio de Janeiro, Brazil.

Easter resource

Believe the Women is a contemporary presentation of the Easter Story that proved popular in the UK (and beyond) in 2019. 52,000 were printed with 35,000 distributed to date. Five pieces of media coverage plus two radio interviews were secured on the top daytime programmes with Premier and UCB1, and a blog that was well promoted by Premier Radio.

Several spikes in website traffic coincided with media coverage, and therefore could be attributable - one when EAuk.org published a piece, with 1,153 page views on the Lifewords website, and another significant traffic increase with 1,131 page views after a UCB piece.

We made the resource the focus of our Big Church Day Out exhibition. A dedicated stand and invitation for people to write the names of women who they wished to pray for/champion/highlight formed a spectacular display. Over 1,000 names of women were written and displayed on the stand. We shared hundreds of booklets, badges, and postcards. We are processing the learning – that *Believe the Women* is not solely an Easter resource, but has wider potential use and impact.

“Lifewords is breaking against the status quo.” 16-year-old girl at Big Church Day Out.

India: partnership

We initiated partnerships with two bigger organisations working among children & families across India. Navajeevan Seva Mandal along with FMPB has more than 12,000 children under their care. We conducted the first pilot training for their Tamil Nadu Workers. The management has been very satisfied with the feedback and discussions are ongoing to plan trainings for their workers in Gujarat and Jharkhand in 2020. EFIC@R has more than 7,000 children under their care in four North Indian states. They are interested in training their staff to counsel the women and children in their projects. We will be training six trainers in 2020. Lifewords has been part of 4/14 conference in seven locations in Kerala, Jharkhand and Bihar. Different ministries who have been part of the conference have been connecting with us to conduct trainings.

Ways in to the Bible - Reaching and engaging new generations

VerseFirst

Reviewing the project, we aimed to get ‘back’ to the core of engaging users with Scripture through powerful imagery/graphics. With ‘cycles’ of images and verses through the year, we were able to intentionally push our majority age down from a majority 35-44 following to a 25-34 (40%) & 18-24 (26%) majority. This shift has continued as we enter 2020. Interestingly, the lion’s share of the audience is Australia-based (where the project originated), followed very closely by the UK. We will continue to realign the project in 2020, by adding other ‘cycles’ around seasonal themes and/or project-related themes (e.g. the Beatitudes).

NINE BEATS

Our ongoing lead outreach to young people and young adults, inspired by the beatitudes in Matthew 5, consolidated in 2019 with a view to deeper engagement in 2020.

NINE BEATS initiatives in the UK, Australia, and USA (and Ninefold Path events in Kenya, Uganda, Bangladesh and Norway) reflect our belief that emerging generations need to hear good news that resonates with their lives and with what they experience of the world, in ways that are culturally relevant and transformative. In 2019 we worked to make The Ninefold Path ‘curriculum’ more accessible for churches as well as those ‘in culture’ settings. We agreed that Mark Scandrette would work with us to deliver a range of events in 2020 – but piloted some in 2019. Our vision is to see people from diverse walks of life inspired and transformed by the life changing words of Jesus found in the Beatitudes.

To communicate this compelling vision, to invite people in and empower leaders to teach others, a small staff team was established to develop the strategy in the UK. We are finding that there is a genuine connection between Lifewords church engagement strategy and growing opportunities to network and

make connections with key leaders and influencers across the church in the UK with Ninefold Path: for example, a 'Leaders' Taster day' built relationships that are leading to deeper engagement in 2020 – e.g. with Fresh Expressions, St Ethelburga's, Livability, All Nations College, and more.

"Everyone in the congregation who wanted to go deeper used one of the Ninefold Path journals to continue in reflection during the week, and to practice what we learned . . . how to embody our learning, rather than just adjust the beliefs in our minds. I really recommend the Ninefold Path as a way to refresh our understanding of how to live the life that Christians are called to - being the hands and feet of Jesus."
Rev. Alexandra Lilley, Priest - St George's Tufnell Park.

We continued to work on the arts/music side of the project, for example at Wild Goose Festival, USA, where through a main stage music concert, teaching slot and liturgical session, we were able to present the Beatitudes to many hundreds of Christians and seekers. A short (five-event) tour in USA to garner partners and future opportunities followed.

In Europe, a music track was released to open up profile and future presence, while in Africa a collaboration with Collective member, Ambassada, for a bespoke project around the track 'Kosi' – re-imagined as a child advocacy anthem to raise awareness of the plight of children in Nairobi/Kampala, was launched. This chimes with our wider Lifeworlds ministry and our longer term 'resources relationship' with Ambassada – himself an ex-street child, who now runs his own Children's Foundation and is a UN Ambassador for Children in the region. The full 'Kosi' project was set to launch in January 2020 – a call to young people in East Africa to take a positive, 'blessed' opportunity to make a brighter future.

During 2019 the project was introduced into Australia via a 6-week tour with Mark Scandrette, with 30 events of varying kinds. The events ranged from Church services, to a week-long deep formation retreat with Bible College students, as well as a Pastors' retreat and a promoted outreach. Most prominent was the emergence of a partnership with Scripture Union Victoria, as we led a training with 30 of their key team. There was great interest from churches and other missions in how we can take Jesus' words and apply them in new and practical ways. The impact of the Ninefold Path is significant for the Lifeworlds network: we were able to connect with hundreds, and most are interested in knowing more about the Lifeworlds opportunities.

"I attended the Ninefold Path retreat back in February, and it gave me a new way to understand the Beatitudes. Not just the Beatitudes, but actually understand the invitation of Jesus into a new, redeemed, free life . . . I can honestly say that it has changed us as a community. We have a different focus on what matters. We changed our habits and what we actually DO. We are seeing people liberated as they adopt a new approach. Brilliant. My question is, now what?" Daryl, Churches of Christ, Pendle Hill.

PR-wise, coverage included an interview on TBN UK TV; 10 two-minute NINE BEATS 'thought for the day' slots on Premier Radio; a series of three blog posts on Christianity website – the first being the highest rated blog for that week; and two further interviews featuring Mark Scandrette (one with Krish Kandiah for the DiscipleShift podcast, the other for The Profile Premier TV).

FINANCIAL REVIEW

Income was £1,982,249, a decrease of £27,728 (-1%) on the previous year [2018: increase of £644,636]. This reflects lower donations and grants (a decrease of £57,949 on 2018) and slightly higher legacy income (an increase of £15,078 on 2018). The financial statements show that 47% of income came from donations and grants [2018: 49%], 51% from legacies [2018: 49%], and 2% from literature sales, investments and other income [2018: 2%]. Total expenditure was £1,810,981 – a decrease of £63,004 (-3%) on the previous year [2018: £243,742]. The Charity spent 91% of total expenditure on developing, producing, and delivering products and programmes in the UK and overseas [2018: 92%]. 9% was spent on raising funds [2018: 8%].

During the past financial year there was a surplus on ordinary activities of £171,268 [2018: surplus of £135,992]. This was due to higher than expected legacy income, with some significant legacy gifts recognised or received late in the year. Some of this additional legacy income has been added to our Ministry Development Fund to be used during 2020. The Ministry Development Fund was put in place in 2010 to enable us to invest in new projects beyond the scope of ordinary annual income. Some legacy income has been added to the fund over the past nine years, and this has enabled us to fund projects such as the WW1 Gospels, NINE BEATS, and the next generation of Pavement Project resources. The net movement in funds in 2019, which includes other recognised gains and losses, produced a deficit on the total funds of £330,488 [2018: surplus of £257,868]. This deficit includes FRS102 actuarial losses on the defined benefit pension scheme of £617,000 [2018: actuarial gains of £159,000].

Reserves policy

The Board has a formal reserves policy which is to hold in reserve sums to cover six to nine months' planned expenditure (currently calculated at £1m-£1.5m) in order to respond to any (unforeseen) change in circumstances and levels of income. Through the approval and management of appropriate budgets the Charity also ensures it is in a position to maximise investment opportunities. Free reserves at 31 December 2019 (calculated as net assets, excluding restricted funds, the pension reserve and property & fixed assets) were £1,985,549 [2018: £1,712,644]. This is above the reserves policy level (taking into account legacies recently notified, and also plans for future use of Ministry Development funds) and is considered adequate to meet the needs of the Charity.

Investment policy and review

The Trustees pursue an investment policy on behalf of the Charity which provides a balance between income and capital growth, with a medium level of risk over the longer term, thereby enabling the Trustees to meet their objectives in respect of the requirements of the charity. Designated funds have been invested in the Newton Growth & Income Fund for Charities in line with the above policy. The performance of the Newton Fund during the year was 19.1% against the comparative index of 16.7% [2018: performance of -0.4% against comparative index performance of -5.1%]. During the year the Fund outperformed its comparative index by 2.4% [2018: outperformed by 4.6%]. The fund remains ahead of the index over three, five and ten years. At the end of the year the investments in the Newton Fund showed cumulative unrealised gains of £413,061 [2018: unrealised gains of £297,817]. The Trustees are satisfied with the current return on capital.

Pension fund

The Charity has two pension schemes. One is a defined contribution scheme with Aegon which is currently open to new members and meets the requirements of auto-enrolment. The second is a defined benefit scheme invested with Legal & General and administered by Barnett Waddingham LLP, which has been closed to new members since 25 March 2003 and closed to new accrual since 23 May 2012; and which, for the purposes of FRS102, showed a funding deficit of £2,091,000 [2018: deficit of £1,483,000]. The corresponding asset / liability does not result in an immediate cash flow impact on the Charity. In September 2014 the Trustees put in place a contingent asset security agreement with the trustees of the defined benefit pension scheme (on a property currently valued at the book value of £765,492) to strengthen the employer covenant and to give the pension trustees greater financial security over the assets of the employer. A full triennial actuarial valuation of the pension fund as of 6 April 2019 is currently under way. If necessary, the Recovery Plan will be adjusted to take account of the result of this valuation. Contributions to the pension plan are met through additional contributions from the Charity. The pension liability is therefore excluded from the free reserves calculation. Details of the retirement benefit schemes are disclosed in Note 19 to the financial statements.

PLANS FOR FUTURE PERIODS

In 2020, as part of our commitment to reach young people and young adults in global culture, we plan to follow-through on our investment in NINE BEATS – positioning the 'curriculum' side of the project (The Ninefold Path) as a more 'core' Lifewords offering, especially to churches and groups. A small team has

been establishing to facilitate this process and offer. Arts, music and media events will continue to be planned as part of the project's overarching strategy.

Maintain ability to deliver quality Bible resources in a range of relevant languages – recognising our core competence in printed resources, but also looking to invest in digital resources for the future.

We will continue to refine and develop our digital reach, content creation and outreach ideas with a view to adding to our range of youth and teen material. A Digital Lead has been employed to help in this specialist area.

We plan to continue the development of our core literature range, ensuring that the printed Bible resources we provide so widely remain relevant and effective with those who receive them. We would like to increase the range of resources available in our 22 key languages; and we also hope to fund the translation and production of key booklets in more languages, e.g. *The Way to Life* in several languages.

Continue to shape Pavement Project with the 'training of trainers' model in the locations where we are currently based. The shift to use of a digital app and online resources will continue apace through the year. Our vision is to establish enough trainers to allow us to scale down our own training programme, and allow partners to take training forward in these locations. Our aim is to make training easier, less reliant on our capacity to deliver in-person workshops and follow-up, and more accessible to a wider range of people – increasing the potential reach and impact of Pavement Project. We will continue to manage and deploy options strategically.

In 2020, as well as developing income generation globally, we will also prioritise the development of UK networks for impact and support, using the new Lifeworlds brand to help increase profile and engagement with UK Christians. At the start of 2020, a senior Fundraising and Supporter Engagement post was appointed to help deliver this more effectively. We will continue to refine, develop and work with other Lifeworlds organisations outside the UK to better engage more people in this work of sharing the Bible around the world.

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing document

Scripture Gift Mission (Incorporated) is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association dated 30 December 1916, and altered by subsequent special resolutions, the most recent being dated 23 June 2011. Anyone over the age of 18 can become a member of the Company and there are currently 70 members [2018: 70], each of whom agrees to contribute £1.05p in the event of the winding up of the Company.

Organisation

The Board administers the Charity and meets at least four times a year. To facilitate effective operations, the Board has established an International Executive Team to lead the Mission and who have authority, within terms of delegation from the Board, for operational matters including finance, employment, and programme-related activity. The International Executive Team consists of the international directors: Steve Bassett (Creative & Communications), John Harris (Finance & Operations), Jarek Jankowski (Global Bible Resources), Clenir dos Santos (Pavement Project), and Dan Hardie (Australia/NZ). The day-to-day operations in the UK are overseen by Steve Bassett & John Harris with Jarek Jankowski in constant contact.

The Charity is the leading member of the Lifeworlds global family of organisations. The other members are separately incorporated companies in their respective countries. In 2019, there were agency agreements with member organisations in Australia, Brazil, Canada, Kenya, India, Indonesia, and USA. Our Global Bible Resources programme is managed and run from Poland.

Appointment of trustees

Trustees are appointed by the Board or by Ordinary Resolution of members for a three-year term and are eligible for re-election on two successive occasions only. A trustee cannot serve for a period of more than nine years, save with approval by unanimous vote from the Board.

Trustee induction and training

An introductory pack for potential trustees is in use. A programme of preliminary meetings with the Executive Team and Board members (including the Chair) precedes an invitation to attend a Board meeting, prior to an invitation to join the Board. Trustees are offered the opportunity to attend trustee training courses such as those provided by the National Charity Voluntary Organisation (NCVO).

Related parties

The Charity has a number of wholly owned dormant subsidiary companies in which the share capital is unpaid. Only Lifewords Ltd is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2019.

The Finance Director and Company Secretary acts as trustee for the charity Radstock (Eccleston Hall) Trust; he is also a trustee of Childs Charitable Trust. Both of these charities gave grants to the Charity during the year, the aggregate total of which was £369,000 [2018: £372,500].

Jadan Reeves-Bassett, son of the Creative Director, was paid £3,020 for design services [2018: £14,820].

The aggregated total amount of donations received without conditions from key management personnel during the year was £956 [2018: £2,731].

Pay policy for senior staff

The Trustees consider the Board of Trustees (who are the Company Directors) and the senior staff with International Office responsibilities, comprise the key management personnel of the charity in charge of directing, controlling, running, and operating the charity on a day to day basis. All Trustees give of their time freely, and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in Note 9 of the financial statements.

The pay of all staff, including senior staff, is reviewed annually and normally increased in line with (CPI) inflation, if funds allow. If funding is under pressure, preference is given to lower-paid staff when making any pay awards. Senior staff pay is benchmarked against pay levels in similar organisations (religious/Christian charities of a similar turnover and size) using information from Third Sector pay surveys (published by ACEVO and Global Connections). The remuneration benchmark is the mid-point of the range paid for similar roles. Salaries were last benchmarked in September 2019.

Fundraising practice

The Charity is committed to ensuring all fundraising activities are carried out in an ethical and godly manner. The Charity is registered with the Fundraising Regulator and adheres strictly to their Code of Fundraising Practice and all legal obligations. We proactively monitor revisions to this code to ensure all our fundraising activities remain fully compliant. We confirm that we received no complaints regarding our fundraising activities or practices during this year or the previous year. We do not sell or swap data with other charities or organisations or make any cold telephone calls to the general public. In 2019 the Charity did not contract the services of professional fundraisers as defined by section 58 of the Charities Act 1992. We encourage all feedback, whether positive or negative, and we regularly monitor and analyse what people tell us to make sure we are continuously improving our procedures. If we become aware of any vulnerable people on our database we ensure that they do not receive any appeals and also ensure that any requests for details to be updated or deleted from our database are handled quickly. We have signed up to receive suppressions under the Fundraising Preference Service.

Risk management

The Trustees acknowledge that they have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. Board members are also cognisant of the requirement and responsibility for safeguarding the assets of the Charity and have taken steps towards the implementation of an ongoing process of risk assessment.

The risk management strategy includes:

- An annual review of the risks the Charity may face
- The establishment of systems and procedures to mitigate identified risks
- The implementation of procedures designed to minimise any potential impact on the Charity should these risks materialise

The key risks facing the charity are identified as (a) reliance on legacy income; (b) deficit position of the charity's Defined Benefit Pension Scheme; (c) loss of key management personnel; and (d) loss or damage to reputation (and subsequent loss of support). The Trustees and senior staff have sought to address these risks in 2019 through ongoing review of long-term financial strategy; ongoing management of the Pension Scheme; ongoing development of local Boards and personnel in the associated organisations outside the UK (increasing capacity and reducing the risk of losing key personnel in the UK); and ongoing oversight of creative development, particularly in new areas, with a view to safeguarding reputation.

Brexit

Following the United Kingdom's withdrawal from the European Union on 31 January 2020 and the start of an Implementation Period which is scheduled to end on 31 December 2020, the Trustees have considered the economic impact Brexit may have on the Charity in setting strategic plans, and have taken steps to address risk with appropriate budgetary restraint and other measures. Forecasting models show that although Brexit may slow the Trustees' progress towards achieving its objectives, the going concern of the Charity is not believed to be under threat.

COVID-19

At this point in time it is not possible to fully consider the impacts arising from COVID-19, however the Trustees have considered the possible risks and have put in place measures to monitor income and reduce future expenditure if required. The position will be kept under constant review and the Trustees will as required take necessary steps to ensure the Charity continues as a going concern.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Charity Trustees (who are also the Directors for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper 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 Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE

The Trustees confirm that, so far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware, and that they have taken all reasonable steps as charity trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

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

Approved by the Board and signed on its behalf by:

David Morgan
Chair of the Board
Date: 15 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCRIPTURE GIFT MISSION (INCORPORATED)

Opinion

We have audited the financial statements of the Scripture Gift Mission (Incorporated) (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the charities financial statements, which is not modified, we draw your attention to the trustees' view on the impact of COVID-19 as disclosed on page 14, the consideration given in the going concern basis of preparation on page 21 and non-adjusting post balance sheet events on page 30.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the impact of which became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the charity's operations, beneficiaries and the wider economy.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees Annual Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees Annual Report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on pages 14-15 the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of the audit report

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

Vincent Marke (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date: 20 July 2020

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2019

	Notes	Unrestricted Funds		Restricted Funds	Total 2019	Total 2018
		General Fund Revaluation Reserve	Designated Funds			
Income		£		£	£	£
Donations and grants		408,208	-	517,957	926,165	984,114
Legacies		778,734	211,056	20,662	1,010,452	995,374
		1,186,942	211,056	538,619	1,936,617	1,979,488
Investment income	3	24,300	-	-	24,300	22,576
Other income	4	21,332	-	-	21,332	7,913
Total income		1,232,574	211,056	538,619	1,982,249	2,009,977
Expenditure	5					
Costs of raising funds		166,424	-	-	166,424	142,039
Expenditure on charitable activities						
Providing Bible resources		808,123	150,000	428,877	1,387,000	1,401,272
Enabling programmes for communities-in-need		157,865	-	77,184	235,049	285,323
Strengthening capacity of branches & partners		22,508	-	-	22,508	45,351
		988,495	150,000	506,062	1,644,557	1,731,946
Total expenditure		1,154,919	150,000	506,062	1,810,981	1,873,985
Net income/(expenditure) before gains and losses		77,655	61,056	32,557	171,268	135,992
Realised & unrealised gains/(losses) on investment assets	12	115,244	-	-	115,244	(37,124)
Net income/(expenditure)		192,899	61,056	32,557	286,512	98,868
Other recognised gains and losses						
Remeasurement (losses)/gains on defined benefit pension scheme	19	(617,000)	-	-	(617,000)	159,000
Net movement in funds		(424,101)	61,056	32,557	(330,488)	257,868
Reconciliation of funds						
Funds brought forward 1 January 2019		638,965	613,944	7,425	1,260,334	1,002,466
Funds carried forward 31 December 2019		214,864	675,000	39,982	929,846	1,260,334

All income and expenditure in each of the above two years are derived from continuing activities. There are no other recognised gains or losses relating to either year.

BALANCE SHEET
at 31 December 2019

		2019	2018
Fixed assets	Notes	£	£
Tangible assets	10	927,789	953,471
Investment property	11	43,500	43,500
Investments	12	854,675	739,431
Total fixed assets		1,825,964	1,736,402
Current assets			
Debtors	14	876,535	334,699
Stock		24,026	26,294
Short-term deposits		150,581	150,133
Cash at bank and in hand		226,887	616,175
Total current assets		1,278,029	1,127,301
Liabilities			
Creditors: amounts falling due within one year	15	(83,147)	(120,369)
Net current assets		1,194,882	1,006,932
Net assets excluding pension liability		3,020,846	2,743,334
Defined benefit pension scheme liability	19	(2,091,000)	(1,483,000)
Total net assets		929,846	1,260,334
Represented by:			
Restricted funds	16	39,982	7,425
Unrestricted funds	16		
General fund		1,363,157	1,179,258
Designated funds		1,580,500	1,519,444
Revaluation reserve (property investment)		37,207	37,207
Pension scheme reserve deficit	19	(2,091,000)	(1,483,000)
Total unrestricted funds		889,864	1,252,909
Total charity funds		929,846	1,260,334

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

The notes on pages 21 to 30 form part of these financial statements.

Approved by the Trustees on 10 June 2020 and signed on their behalf by:

David Morgan
Chair of the Board
Date: 15 July 2020

STATEMENT OF CASH FLOWS
at 31 December 2019

	Notes	2019	2018
Cash flows from operating activities		£	£
Net (expenditure)/income as per SOFA		(237,311)	257,868
Adjustments for:			
Depreciation		32,043	37,262
(Gains)/losses on investments		(115,244)	37,124
Investment income		(24,300)	(22,576)
Increase in debtors		(482,013)	(83,927)
Inventories		2,268	(6,298)
(Decrease)/increase in creditors		(37,222)	24,390
Net cash (used in)/provided by operating activities		(861,779)	243,843
Cashflows from investing activities			
Purchase of property plant and equipment		(6,361)	(5,510)
Proceeds on disposal of investments		-	150,000
Investment income		24,300	22,576
Net cash provided by investing activities		17,939	167,066
Cashflows from financing activities			
Movement in defined benefit pension scheme		455,000	(125,000)
Net cash provided by /(used in) financing activities		455,000	(125,000)
Change in cash and cash equivalents in the reporting period		(388,840)	285,909
Cash and cash equivalents at the beginning of the reporting period		766,308	480,399
Cash and cash equivalents at the end of the reporting period	20	377,468	766,308

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

1 LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee having no share capital. At the accounting date there were 70 members. Each member undertakes to contribute such amount as may be required in the event of the winding up of the Charity up to a maximum of £1.05 (one guinea) each.

2 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The trustees have reviewed detailed cash flow projections to 30 June 2021 and have agreed detailed budgets for the year ended 31 December 2020. Both sources of income and types of expenditure have been reviewed. Whilst one of the main charitable purposes of the Charity is to help people everywhere to experience the Bible as good news for their lives through programmes, resources, literature, and digital tools, the level of this needed expenditure is at the discretion of the Trustees and can be adjusted during the year. The Trustees have also considered the Charity's working capital and capital expenditure requirements. As a result of the foregoing the Trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Fund accounting

Unrestricted Funds are funds which are available to use at the discretion of the Board in furtherance of the Charity's charitable objects. There are two designated funds, the first of which is a fund of £905,500 with a corresponding long term liability of the same amount designated as security against the deficit of the defined benefit pension scheme, giving a balance at year end of £nil [2018: £nil]. The second fund of £675,000 is a capital fund for new ministry development [2018: £613,944]. These designated funds were established following the surrender of the lease of the Charity's former offices in 2010. Restricted Funds are funds which are used in accordance with restrictions expressed by donors or which have been raised for specific purposes. The details of the appropriate funds in the accounting year are shown at Note 16.

c) Income

All income was reflected in the financial statements when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earliest date of the Charity being notified of an impending distribution or the legacy being received. No value is included where the legacy is subject to a life interest held by another party. No amounts are included in the financial statements for services donated by volunteers.

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the Charity's charitable activities. Where possible, all direct costs have been allocated to the appropriate activity. All other costs have been assigned as support costs.

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

e) Allocation of support costs

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include general management, finance and IT, premises and facilities, governance costs, and administration costs for the defined benefit pension scheme. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 6.

f) Depreciation

The basis for charging depreciation is that assets are depreciated on a straight line basis to write off the cost of those assets over their estimated useful lives in the Charity's activities.

- Office long-term lease – over 50 years
- Office purchase costs and irrecoverable VAT – over 50 years
- Leasehold improvements and refurbishment – over 10 years
- Equipment, fixtures and fittings – over 5 years
- Computers – over 4 years

g) Investment property

The investment property, which comprises a half share in four freehold blocks of flats is shown at the valuation date of June 2014 (Note 11). The properties are being held jointly with another charity pending vacant possession. At 31 December 2019 the investment property consists of one remaining apartment [2018: one apartment] on which rental income is being received; along with the right to receive ground rent in respect of 15 properties already sold. No depreciation is provided in respect of this property. The rental income from the investment is shown net after expenses, in view of the immaterial amounts involved.

h) Fixed asset investments

Fixed asset investments are stated at market value at the accounting date. All unrealised gains and losses representing the change in value from the previous accounting date are charged against the appropriate fund.

i) Stocks

Printing costs are charged to production costs at the date of purchase, but no account is taken of the stocks of completed or incomplete publications at the end of the accounting period, as these will be given away free of charge (Note 13).

j) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain the lessor's, are charged against income as incurred.

k) Taxation

As a registered charity, the Charity has no liability to United Kingdom taxation on its charitable activities.

l) Pension

The Charity operates a funded defined benefit pension scheme based on final pensionable salary, which is now closed to new employees and to further accrual. This has been replaced by a defined contribution scheme with Aegon based on individual personal pension funds for new employees. The assets of both schemes are held separately from those of the Charity, being invested with the above insurance companies. Contributions to both schemes are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Charity. The contributions to the defined benefit scheme are determined on the recommendation of a qualified actuary and to the defined contribution scheme by agreement between the Charity and its employees.

In accordance with FRS102, the SOFA includes: the cost of benefits accruing during the year in respect of current service (charged against net income/(expenditure)); the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time (charged against net income/(expenditure)); and actuarial losses recognised in the pension scheme (shown within net movement of funds). In accordance with FRS102, the balance sheet includes the deficit in the scheme, taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at year-end AA corporate bonds yield curve. Further details regarding the scheme are disclosed in Note 19.

m) Foreign currencies

Foreign currencies have been converted to £ sterling at rates of exchange approximating to those ruling at the Balance Sheet date.

n) Significant management judgements

The following are the management judgements in applying the policies of the Charity that have the most significant impact on the amounts recognised in the financial statements:

- **Accrued legacy income:** The Charity has made an assessment as to whether the conditions recognition of legacy income are met on a case by case basis, specifically in respect of the measurement of the amount due. In making these judgements, management considered the detailed criteria set out in the Charities SORP 2015 (FRS 102).

3 INVESTMENT INCOME

The Charity's investment income of £24,300 [2018: £22,576] arises from dividends from fixed asset investments (£23,098 [2018: £21,959]), interest bearing deposit accounts (£1,202 [2018: £617]).

4 OTHER INCOME

The Charity's other income of £21,332 [2018: £7,913] arises from HMRC employment allowance (£14,000 [2018: £nil]), literature sales, some church display rack sales, and the sale of NINE BEATS albums, merchandise, and Ninefold Path resources (£7,332 [2018: £7,913]).

5 ANALYSIS OF TOTAL EXPENDITURE

EXPENDITURE	Direct Costs £	Support Costs £	Total 2019 £	Total 2018 £
Costs of raising funds	95,033	71,391	166,424	142,039
Total cost of raising funds	95,033	71,391	166,424	142,039
Expenditure on charitable activities				
Providing Bible resources	1,094,700	292,300	1,387,000	1,401,272
Enabling programmes for communities-in-need	211,252	23,797	235,049	285,323
Strengthening capacity of branches & partners	13,379	9,129	22,508	45,351
Total expenditure on charitable activities	1,319,331	325,226	1,644,557	1,731,946
TOTAL EXPENDITURE	1,414,364	396,617	1,810,981	1,873,985

6 ANALYSIS OF SUPPORT COSTS

	General management £	Premises, Finance & IT £	DB pension admin, legal & finance £	Depreciation £	Governance costs £	Total 2019 £	Total 2018 £
Costs of raising funds	18,513	25,382	16,616	5,768	5,112	71,391	64,339
Providing Bible resources	75,079	102,942	70,156	23,391	20,732	292,300	290,992
Enabling programmes for communities-in-need	6,171	8,460	5,539	1,923	1,704	23,797	28,147
Strengthening capacity of branches & partners	3,086	4,230	-	961	852	9,129	18,628
Total support costs	102,849	141,014	92,311	32,043	28,400	396,617	402,106

Cost allocation includes an element of judgement and the Charity has had to consider the cost benefit of detailed calculations and record-keeping. To ensure full cost recovery on projects, the Charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore, the support costs shown are a best estimate of the costs that have been so allocated. The defined benefit pension administration and finance costs include elements from both the General Fund and the Defined Benefit Pension (FRS102) Fund.

7 ANALYSIS OF GOVERNANCE COSTS

	Total 2019	Total 2018
	£	£
GOVERNANCE COSTS		
Auditors' fees	7,335	6,389
Professional and legal fees	653	3,187
Strategic management	19,847	25,044
Trustees' expenses	566	1,122
Total governance costs	28,401	35,742

Auditors' fees include £7,335 for Audit fee and irrecoverable VAT on fee [2018: £6,389].

8 STAFF COSTS

	Total 2019	Total 2018
	£	£
Staff costs		
Salaries	346,199	358,779
Social security	32,573	33,841
Pension	35,958	39,441
Past service costs on defined benefit pension scheme	226,000	115,000
Total staff costs	640,730	547,061

No employees had employee benefits in excess of £60,000 during the year or previous year. Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The key management personnel of the Charity, comprise the Trustees, Creative Director, Finance Director and Global Bible Resources Director. The total employee benefits of the key management personnel of the Charity were £150,716 [2018: £142,775].

The average monthly head count was 10 staff [2018: 11 staff]. At year-end the charity had 5 full-time staff [2018: 6 full-time staff] and 5 part-time staff [2018: 5 part-time staff]. The average monthly number of full-time equivalent employees during the year was 9 [2018: 9].

In the way that our global family of organisations operates, senior staff (key management personnel) in the UK are also responsible for facilitating and supporting work in the other six Lifewords centres in Brazil, India, Indonesia, Australia, Kenya and USA. All other national or functional directors report to the International Executive Team, as part of a global leadership team. Together as a global family we employ a further 20-25 staff outside of the UK, and have about the same number again of volunteers making a significant contribution to training and coordinating our Bible programmes. A further 50+ volunteers serve as facilitators (peer mentors) for Pavement Project initiatives.

During the year the Charity transferred £124,236 to the defined pension scheme as part of the Recovery Plan [2018: £121,800] and £nil in respect of accrual of benefits [2018: £nil] in accordance with the Schedule of Contributions. In addition, the Charity also transferred £150,000 which was allocated towards the estimated amount of £226,000 of past service costs on the defined benefit pension scheme relating to Late Retirement Factors [2018: £nil additional transfer allocated towards an estimated amount of £115,000 of past service costs relating to GMP equalisation].

9 TRUSTEES

The Board members were not paid and did not receive any other benefits from employment with the Charity during the year or previous year. The aggregated amount of expenses reimbursed to one Board members during the year was £566 [2018: three members, £1,507]. No Board member received payment for professional or other services supplied to the charity during the year or previous year.

10 TANGIBLE FIXED ASSETS

Cost	Equipment, fixtures and fittings £	Office purchase, refurbishment & VAT costs £	Office leasehold £	Total £
At 1 January 2019	124,005	205,807	869,880	1,199,692
Additions	7,728	(1,367)	-	6,361
Disposals and written off	(3,005)	-	-	(3,005)
Cost at 31 December 2019	128,728	204,440	869,880	1,203,048
Depreciation				
At 1 January 2019	114,291	44,940	86,990	246,221
Charge for the year	5,821	8,824	17,398	32,043
Disposals and written off	(3,005)	-	-	(3,005)
Depreciation at 31 December 2019	117,107	53,764	104,388	275,259
Net book value				
At 31 December 2019	11,621	150,676	765,492	927,789
At 31 December 2018	9,714	160,867	782,890	953,471

All the above assets were used in direct furtherance of the Charity's charitable objects.

The Trustees have granted a first legal charge over the office leasehold to the trustees of the defined benefit pension scheme to strengthen the employer covenant and to give the pension trustees greater financial security over the assets of the employer.

11 INVESTMENT PROPERTY

UK property	2019 £	2018 £
Value at 1 January	43,500	43,500
Disposals during year	-	-
Value at 31 December	43,500	43,500

The investment property at 31 December 2019 consists of one remaining apartment [2018: one apartment] on which rental income is being received; along with the right to receive ground rent in respect of 15 properties already sold. The investment amount of the properties was valued in June 2014 by C C Johnson Chartered Surveyor. The investment represents a half-share in the four freehold blocks of flats. There are no charges over this property or restrictions on its use.

Revaluation Reserve balance	2019 £	2018 £
At original valuation at 1 January	6,293	6,293
Disposals during year	-	-
At original valuation at 31 December	6,293	6,293

Revaluation reserve balance (Note 16) 37,207 37,207

The original valuation was the market valuation at the date of death, as the property was acquired as a legacy.

12 FIXED ASSET INVESTMENTS

	2019	2018
	£	£
Market value at 1 January	739,431	926,555
Disposals	-	(150,000)
Change in value in the year	115,244	(37,124)
Market value at 31 December	854,675	739,431

Historical cost:

At 31 December	441,613	441,613
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Listed investments are represented by 584,992 units in Newton Growth & Income Fund for Charities at a book value of £441,613 [2018: £441,613]. The cumulative unrealised gains on these investments are £413,061 [2018: £297,817].

13 STOCK OF SCRIPTURES

Stocks of Scripture publications held for future distribution, which have not been included in the assets on the Balance Sheet as these will be given away free of charge, have been valued by the Charity at 31 December 2019 at the sum of £120,000 [2018: £133,000]. This valuation has not been subject to audit.

14 DEBTORS

	2019	2018
	£	£
Legacy debtors	845,128	300,274
Taxation recoverable	3,828	9,244
VAT recoverable	4,827	-
Staff loans	4,373	4,244
Pre-payments and other	18,379	20,937
Total debtors	876,535	334,699

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Taxation and social security	8,857	8,367
Trade creditors	30,120	58,206
VAT liability	-	1,045
Other creditors	44,170	52,751
Total creditors due within one year	83,147	120,369

16 MOVEMENTS IN FUNDS

	Balance at 1 January £	Income £	Expenditure £	Investment Losses	Actuarial Gains	Balance at 31 December £
Restricted funds						
Providing Bible resources	-	405,885	(405,885)	-	-	-
Choose Life	-	20,277	(20,277)	-	-	-
Pavement Project	7,425	59,464	(56,907)	-	-	9,982
NINE BEATS	-	52,992	(22,992)	-	-	30,000
	7,425	538,619	(506,062)	-	-	39,982
Unrestricted funds						
Designated						
Security against the deficit of the defined benefit pension scheme	-	-	-	-	-	-
Ministry development	613,944	211,056	(150,000)	-	-	675,000
Revaluation Reserve	37,207	-	-	-	-	37,207
General	601,758	1,232,574	(1,154,919)	115,244	(617,000)	177,657
	1,252,909	1,443,630	(1,304,919)	115,244	(617,000)	889,864
Total funds	1,260,334	1,982,249	(1,810,981)	115,244	(617,000)	929,846

The fund for providing Bible resources covers publications in a wide range of countries. Restricted income was also received and expended towards the development of the NINE BEATS project, aimed at engaging emerging generations with the Bible through the Beatitudes.

The funds for Choose Life and Pavement Project cover the current operation and ongoing development of these programmes (a values-based life-skills curriculum for teenagers, and the training & resourcing of workers in a Bible-based counselling process for children-at-risk, respectively).

There are two designated funds, the first of which is a fund of £905,500 with a corresponding long term liability of the same amount designated as security against the deficit of the defined benefit pension scheme giving a balance at year end of £nil [2018: £nil]. The second fund of £675,000 is a capital fund for new ministry development [2018: £613,944].

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Revaluation Reserve £	Designated Funds £	Restricted Funds £	Total £
Fund balances at 31 December 2019 are represented by:					
Fixed assets	419,313	37,207	1,369,444	-	1,825,964
Current assets	1,026,991	-	211,056	39,982	1,278,029
Current liabilities	(83,147)	-	-	-	(83,147)
Total net assets before pension liability	1,363,157	37,207	1,580,500	39,982	3,020,846
Long term pension liability	(1,185,500)	-	(905,500)	-	(2,091,000)
Total net assets	177,657	37,207	675,000	39,982	929,846

18 RELATED PARTY TRANSACTIONS

The Charity has a number of wholly owned dormant subsidiary companies in which the share capital is unpaid. Only Lifeworlds Ltd is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2019.

The Finance Director and Company Secretary acts as trustee for the charity Radstock (Eccleston Hall) Trust; he is also a trustee of Childs Charitable Trust. These charities gave grants to the Charity during the year, the aggregate total of which was £369,000 [2018: £372,500].

Jadan Reeves-Bassett, son of the Creative Director, was paid £3,020 for design services [2018: £14,820].

The aggregated total amount of donations received without conditions from key management personnel during the year was £956 [2018: £2,731].

19 PENSION

The Charity operates two pension schemes in the UK. The assets of both schemes are held separately from those of the Charity, being invested with separate insurance companies. One is a funded defined benefit scheme invested with Legal & General and administered by Barnett Waddingham LLP, and the other a defined contribution scheme with Aegon; the former having closed to new employees on 25 March 2003 and closed to further accrual on 23 May 2013, with the latter being open to all new employees. Contributions to the defined benefit scheme are assessed on the basis of the advice of qualified actuaries using the projected unit credit method.

Pension costs charged were:	2019	2018
	£'000	£'000
Defined benefit scheme (Recovery Plan)	124	122
Defined benefit scheme (additional transfer)	150	-
Defined contribution scheme	36	39
Total	310	161

No amounts were owing at the year end [2018: £nil].

Additional FRS102 disclosures

The valuation used for FRS102 disclosures has been based upon the latest full actuarial valuation at 6 April 2016 and updated by a qualified independent actuary. The major assumptions used by the actuary were:

%	2019	2018	2017	2016	2015
Rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Rate of increase for pensions in payment and deferred pension	2.7	3.1	3.1	3.2	2.9
Discount rate	2.1	2.9	2.6	2.9	3.8
Inflation assumption - retail price index increase	3.0	3.2	3.2	3.3	3.0

19 PENSION (continued)

The assets in the scheme and the expected rate of return were:

	Long-term rate of expected return at 31/12/19		Long-term rate of expected return at 31/12/18		Long-term rate of expected return at 31/12/17	
	2019 fair value %	2019 £'000	2018 fair value %	2018 £'000	2017 fair value %	2017 £'000
Legal & General funds						
Managed Funds	4.8	4,348	5.6	3,738	5.6	3,770
Annuities	2.7	1,673	4.5	1,662	4.5	1,818
Total market value of assets		<u>6,021</u>		<u>5,400</u>		<u>5,588</u>
Present value of scheme liabilities		<u>8,112</u>		<u>6,883</u>		<u>7,196</u>
Deficit in scheme being the net pension liability		(2,091)		(1,483)		(1,608)

Analysis of the amount charged against operating income

	2019 £'000	2018 £'000
Current service cost	-	-
Past service cost	226	115
Total operating charge	<u>226</u>	<u>115</u>

Analysis of the amount credited to other finance income or debited to other finance costs

	2019 £'000	2018 £'000
Expected return on pension scheme assets	157	144
Interest on pension scheme liabilities	(196)	(185)
Net return	<u>(39)</u>	<u>(41)</u>

R-emeasurements over the year

	2019 £'000	2018 £'000
Gains/(losses) on assets in excess of interest	410	(253)
Experience gains on liabilities	40	-
Gains from changes to demographic assumptions	-	54
(Losses)/gains from changes to financial assumptions	(1,067)	358
Re-measurements over the year	<u>(617)</u>	<u>159</u>

The movements on the scheme deficit during the period for FRS102 purposes are:

	2019 £'000	2018 £'000
Deficit in the scheme at beginning of year	(1,483)	(1,608)
Movement in year		
Past service cost	(226)	(115)
Contributions	274	122
Interest on assets	157	144
Interest cost	(196)	(185)
Re-measurements over the year	(617)	159
Deficit in the scheme carried forward	<u>(2,091)</u>	<u>(1,483)</u>

19 PENSION (continued)

History of experienced gains and losses

	2019	2018	2017	2016	2015
Difference between actual and expected return on scheme assets (£'000)	410	(253)	190	461	(32)
Percentage of scheme assets at end of year	6.8	(4.7)	3.4	8.6	(0.7)
Experience gains/(losses) on scheme liabilities (£'000)	40	-	3	50	64
Percentage of the present value of the scheme liabilities	0.5	-	0.0	0.7	1.1
Total amount recognised in SOFA (£'000)	(617)	159	(67)	(766)	229
Percentage of the present value of the scheme liabilities	(7.6)	2.3	(0.9)	(11.0)	4.0

Volatility of FRS102

It should be noted that the methodology and assumptions prescribed for the purposes of FRS102 mean that these disclosures are inherently volatile, varying greatly according to investment market conditions at each accounting date.

20 NOTE TO THE CASH FLOW

	At 1 January 2019	Cash flows	At 31 December 2019
Cash at bank	616,175	(389,288)	226,887
Cash on deposit	150,133	448	150,581
	766,308	(388,840)	377,468
Net cash	766,308	(388,840)	377,468

21 POST BALANCE SHEET EVENT

On 18 March 2020 the UK Government announced the closure of most businesses due to the COVID-19 coronavirus pandemic, effective from Friday 20 March 2020. The Charity has taken steps to ensure that its significant sources of income in the form of donations and investment income will be secure in 2020 and at the same time has contingency plans to reduce costs if required. At this stage no reasonable estimate of the effect of the government announcement can be made, but given the Charity's contingency planning, the Trustees believe the situation can be managed with the minimum possible disruption to the ongoing activities.