

Scripture Gift Mission (Incorporated)

Financial Statements 2014

Company number 145932
Charity number 219055

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Scripture Gift Mission (Incorporated)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2014

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2014.

Reference and administrative details

Charity Number: 219055

Company Number: 145932

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

Independent Auditor: Mazars LLP
Times House
Throwley Way
Sutton, Surrey
SM1 4JQ

Principal Banker: Royal Bank of Scotland plc
24 Grosvenor Place
London
SW1X 7HP

Investment Manager BNY Mellon Fund Managers Ltd
PO Box 12041
Brentwood
CM14 9LS

Directors and Trustees

The trustees of the charity (hereafter called “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:

David Morgan (Chair)
Keith Bintley
Lynn Caudwell
Elisabeth Heyburn (from 5 June 2014)
Peter Rawson (Deputy Chair – retired 6 March 2014)
Gordon Scoble
Fred Slack
Tadeusz Tolwinski

Executive Director

Danielle Welch

Company Secretary

Eduardo Juan Harris

STRUCTURE, GOVERNANCE, AND MANAGEMENT

Objectives and 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, Poland, and USA.

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 74 members [2013: 73], 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 appointed an Executive Director who has authority, within terms of delegation from the Board, for operational matters including finance, employment, and programme-related activity.

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 Director and Board members (including the Chair) precedes an invitation to attend a Board meeting prior to an invitation to join the Board. Trustees will be 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 **SGM Lifewords Ltd** is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2014.

One Board member, Peter Rawson (retired March 2014), acts as trustee for the charity Radstock (Eccleston Hall) Trust, which gave a grant of £240,000 to the Charity during the year [2013: £240,000].

One Board member, Tadeusz Tolwinski, is a member of the Executive Board of the **SGM Lifewords Foundation** in Poland, which received grants from the Charity totalling £104,949 [2013: £106,804].

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

REVIEW OF THE YEAR

The “big story” of 2014 for **SGM Lifewords** UK was the WW1 Anniversary Gospel Project; in partnership with Hope and with hundreds of churches and organisations, this was an opportunity for widespread sharing of the Gospel of John in the UK through community, arts, church, and civic events. The project was expensive (and cost far more than we anticipated in our 2014 budget), but we praise God that costs were met through the generosity of supporters, churches, Trust funders, and through the release of “Ministry Development” funds from our own balance sheet. Orders for Gospels continue into 2015, and we expect the project to run right through until 2018.

600,000 *Active Service John's Gospels* were printed and (575,000) distributed during 2014. Use was wide and varied; ranging from the National Service of Commemoration at Glasgow Cathedral (with HRH Prince Charles attending), to ‘Lark in the Park’ community festivals, Armed Forces and church remembrance ceremonies, countless school events, ‘Silent Night Carol Services’ at football stadiums, and even a play touring prisons and schools in the North West (in partnership with The Message Trust). The Gospels were used across all kinds of churches and denominations. The support of the Church of England mission/evangelism team and individual Bishops meant that whole Anglican dioceses and schools got involved; and many ordered and used Gospels by the thousand. Spring Harvest and Keswick Bible weeks also partnered with the project, giving copies to all those attending; and encouraging widespread use.

The Gospels were supplemented with other WW1 resources: a Remembrance prayer card (41,000 distributed), a *Silent Night* resource for Christmas (88,000 distributed) and a series of films which received more than 85,000 views on YouTube alone. Through all of this work, hundreds of thousands of people received the Bible’s life words in 2014 – possibly for the first time, such is the extent to which these Gospels and other WW1 resources were used outside of church services and events. The Gospels seemed particularly to strike a chord with men, and with young people, and we are delighted that so many people will have had the opportunity to read the gospel of John through this initiative.

Even aside from the WW1 resources, we had a very busy year throughout our global family of organisations in terms of literature ministry. The number of orders for Global language resources (distributed from **SGM Lifewords’** centre in Poland to 92 different countries) saw a 70% increase from the previous year, with 740,121 resources provided in 46 different

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languages; we continue to see the relevance and effectiveness of printed Bible resources as a tool for evangelism, discipleship, and pastoral care, even in our digital age. We were able to provide large quantities of Bible resources to partner organisations in Germany, Italy, and the Netherlands (all evangelistic ministries); as well as working with long-standing partners Light in the East (LITE) to supply large quantities of evangelistic and crisis-response material for mission-workers in the Ukraine, in response to the military conflict there.

Eighteen newly-translated resources were published during the year, in Arabic, Dutch, French, German, Hindi, Persian (Farsi), Polish, Romanian, Spanish (Latin America), Swahili, Tamil, and Ukrainian; as well as fifteen reprint titles. New English-language resources for the year included *Way to Life* (an evangelistic title which was well-ordered), *Little Book of Faith* (for teens/new Christians exploring faith), as well as *Silent Night* and the *Active Service John's Gospel Anniversary Edition*. We also published resources for two minority language projects in 2014, with partners Wycliffe/SIL; as well as a specialist title for Russian/former-Soviet diaspora in central Asia, where Bible/gospel access is limited.

UK literature distribution was particularly high (967,000). Even excluding Gospel distribution, numbers were 38% higher than 2013, and represent a 'record' for recent years; and the number of Bible resources ordered in the UK at Christmas increased by 75% from 2013. In total (taking account of the Global Bible Resources programme, and local literature use in the UK, Australia, New Zealand, Kenya (East Africa) and Indonesia), we distributed just under 2 million printed resources in 2014, in 93 countries and 47 languages.

Digital Bible resources have also continued to grow in popularity through the year. Our VerseFirst programme (image-based social media resource for teens and young adults) grew to almost 12,000 followers. Newly-launched Life Changing Words apps reached 13,086 installs in 2014, in addition to the 36,441 people now receiving daily Scriptures from the Life Changing Words email programme (an increase from just under 28,000 in 2013).

Our major Bible programmes, Choose Life (a schools / life-skills programme operating in Kenya, Uganda and DRC) and Pavement Project (a Bible-based counselling programme working in 15 countries) continued apace during 2014. We have a heart for sharing the story and invitation of Jesus in hard-to-reach and vulnerable communities. In 2014 this took us into new locations for Pavement Project: Egypt – where Christian witness in increasingly under pressure and where social change and poverty puts increasing numbers of children at-risk; and Peru – a country where 60% of children live in poverty. We also extended our work in India in the country's poorest (most populated and youngest) state of Bihar. We continued Pavement Project and Choose Life work in the Democratic Republic of Congo (DRC) where we are also partnering in a coalition to "Stop Child Witchcraft Accusations" – looking at how church and community leaders can combat abuse linked to harmful beliefs.

Two newer programmes that grew significantly through the year were Bible Discussion Clubs in Kenya, and Mobile Missions in Indonesia. Bible Discussion Clubs are a peer-to-peer evangelism and discipleship initiative, with almost 160 clubs established by **SGM Lifewords** Kenya in high schools, and now extending to other (informal community, prison, and hospital) settings. Groups are organised of 10+ young people, each with a peer leader. They use **SGM Lifewords** Bible booklets as the basis of reading and discussion together. In one school, 23 students have accepted Christ through the clubs this year; and many more have

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fed-back their experience of whole-life transformation, as the groups have allowed open sharing and honest conversation about their lives.

“Mobile missions” are an extension of our Bible literature and The Visible Story (a storytelling evangelism programme) ministry in Indonesia. **SGM Lifewords** Indonesia are working in partnership with Bible College students and young church planters/pioneer mission workers to take teams to rural locations, providing resources and training for sharing the Bible with others. Groups of pastors and others gather for a day or more of training in how to use Bible resources in evangelism, ranging from sharing booklets one-to-one, to group storytelling. **SGM Lifewords** conducted ten separate Mobile Missions in 2014, along with fourteen workshops equipping a total of 390 mission workers and evangelists with The Visible Story tools.

In both these programmes we are excited to be partnering with many young people and young adults who are passionate about sharing the Bible’s life words, and seeing transformation in the communities in which they live and serve. During 2014 we also helped to lead a *Forum of Bible Agencies International* consultation into “NextGen” Bible engagement, working with a selected group of young people from five South Asian countries. This included a new piece of research on Bible use with young people in Asia, the results of which will be presented at the annual FOBAI meeting in April 2015.

FUTURE PLANS

Plans for 2015 include new print/literature titles in Swahili, Bahasa (Indonesia), Telugu, Tamil, and Hindi – meeting demand for more tools in these key languages. We have already published *Words for the Journey* in 2015 (a follow-up resource to *Way to Life*, offering 31 daily readings for those new to the Bible/faith); and are testing a new title *One of Us* – written especially for use by mission partners working with people who are homeless or vulnerably housed. Other new literature resources planned for 2015 include a further *Little Book* title for teenagers; and *Rites of Passage* material to provide a way of sharing the Bible with non-churchgoers at weddings, baptisms, and funerals.

Following further development of digital Bible tools in 2014, one major focus of research and development in 2015 (onwards) will be needs/opportunities to engage young people and young adults with the Bible in new ways, including digital tools and paths. We hope to develop a “next step” for VerseFirst users, allowing them to engage more deeply with Scripture. We are also partners in The Alchemy Project – a multi-agency global research project producing experiments in engaging young people with the Bible.

During 2014 we shifted our focus towards training trainers for Pavement Project (rather than workers) in order to help us reach new locations in a sustainable way. In 2015 we will continue to translate and produce training material for Pavement Project trainers (needed urgently in Arabic and Hindi in particular). Having completed the research on new (smaller) green bags in 2014, we are also researching digital alternatives. The programme will be 15 years old in 2015, and existing bag stocks (the key resource for workers) will be exhausted by the end of the year. We are looking at both digital and print options for the future, and are dreaming about other tools and resources we can add to the existing process. 2015-16 will be determinative years for the onward development of our Pavement Project ministry,

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and we anticipate looking for significant new funding to resource the next generation of this highly-successful and much-needed programme for children-at-risk.

In addition, we are looking at the viability of opening a training centre in Jakarta from which to base **SGM Lifewords** Indonesia's Bible-based evangelism training and Mobile Mission work. This is an exciting opportunity for growing reach and witness in Indonesia, and if viable we will be inviting supporters and funders from the UK, Australia, and Indonesia to help make this happen.

PUBLIC BENEFIT

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.

FINANCIAL REVIEW

Board responsibilities

UK company and charity law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and its subsidiaries at the end of the financial year, and of the surplus or deficit for that year. In preparing those financial statements, the Board has selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent, stated whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and prepared the financial statements on a going-concern basis.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and its subsidiaries and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005). They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Review of 2014

Incoming resources were £1,694,800, an increase of £304,911 (22%) on the previous year. This reflects higher donations and grants (an increase of £170,558 on 2013) and higher legacy income (an increase of £171,485 on 2013). The financial statements show that 60% of income came from donations and grants [2013: 61%], 37% from legacies [2013: 33%], and 3% from literature sales and investment income [2013: 6%]. The Charity spent 86% of total expenditure on developing, producing, and delivering products and programmes in the UK and overseas [2013: 86%]. 10% was spent on generating funds [2013: 11%] and 4% on governance costs [2013: 3%].

During the past financial year there was a deficit on ordinary activities of £5,247 [2013: deficit of £25,906]. The net movement in funds, which includes other recognised gains and losses, produced a deficit on the total funds of £447,655 [2013: surplus of £138,605]. This was mainly due to FRS17 actuarial losses on the defined benefit pension scheme of £500,000 [2013: actuarial losses of £119,000].

During 2014 the Charity completed the purchase of a long-leasehold office property, at 50 Westminster Bridge Road (valued in the financial statements at £852,482) at a cost of £869,880 excluding VAT. This purchase used funds previously designated for pension security. Once the purchase was complete, an agreement was then made with the trustees of the defined benefit pension scheme to make the property a contingent asset of the scheme. The Trustees determined that this was in the best interests of the Charity, allowing a reduction in office overheads (rent); providing stability after four years in offices under a short-term lease/licence; and still providing necessary security for the (deficit) pension scheme and a potential long-term return on investment. Other purchase and refurbishment costs (Note 6), including irrecoverable VAT on office purchase of £128,238, have been capitalised and will be depreciated over a period of 50 years.

Reserves policy

The Board has a formal reserves policy which is to maintain free reserves between £450,000 and £550,000 that will support six months' expenditure to cover fluctuations in budget and to provide sufficient funds to meet the Charity's objectives and obligations. 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 2014 (excluding pension liability and legacy debtors) are £368,060 [2013: £645,228]. This is below the reserves policy level but is considered adequate to meet the needs of the Charity – taking into account investments, and one large legacy which is due to complete within 6 months.

Investment policy

The Trustees wish to pursue on behalf of the Charity an investment policy 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. The designated funds have been invested in the Newton Growth & Income Fund for Charities in line with the above policy. At the end of the year these investments showed cumulative unrealised gains of £297,765 [2013: unrealised gains of £271,071]. 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. The second is a defined benefit scheme with Legal & General, 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 FRS17, showed a funding deficit of £1,195,400 [2013: deficit of £790,000]. The corresponding asset / liability does not result in an immediate cash flow impact on the Charity. During the year the 2013 triennial valuation was finalised and a new Recovery Plan agreed (£100,800 per annum until April 2026, replacing the previous Recovery Plan of £96,000 per annum until April 2022). 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 £852,482) to strengthen the employer covenant and to give the pension trustees greater financial security over the assets of the employer. The next full triennial actuarial valuation of the pension fund is due to take place as of 6 April 2016. 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 15 to the financial statements.

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: 25 March 2015

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

We have audited the financial statements of Scripture Gift Mission (Incorporated) for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Board Responsibilities set out on page 8, the trustees (who are also the directors of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2014 and of its incoming resources and application of resources, including 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Matters on which we are required to report by exception

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

- adequate 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime.

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: 2 April 2015

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2014

	Notes	Unrestricted Funds		Restricted Funds	Total 2014	Total 2013
		General Fund and Revaluation Reserve	Designated Funds			
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Donations and grants		590,457	-	429,964	1,020,421	849,863
Legacies		326,291	300,000	-	626,291	454,806
		916,748	300,000	429,964	1,646,712	1,304,669
Activities for generating funds						
Sales of goods and services		1,958	-	-	1,958	5,013
Investment income						
Bank and other short-term interest		46,130	-	-	46,130	80,207
Total incoming resources		964,836	300,000	429,964	1,694,800	1,389,889
Resources expended						
2						
Cost of generating funds						
Cost of generating voluntary income		165,984	-	-	165,984	151,811
Charitable activities						
Providing Bible resources		566,528	100,000	389,650	1,056,178	794,408
Enabling programmes for communities-in-need		271,694	-	84,409	356,103	364,882
Strengthening capacity of branches & partners		54,625	-	-	54,625	66,205
		892,847	100,000	474,059	1,466,906	1,225,495
Governance costs		67,157	-	-	67,157	38,489
Total resources expended		1,125,988	100,000	474,059	1,700,047	1,415,795
Net (outgoing)/incoming resources before transfers		(161,152)	200,000	(44,095)	(5,247)	(25,906)
Transfer: Pension reserve	4	27,000	(27,000)	-	-	-
Transfer: Pension scheme liability		905,500	(905,500)	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		771,348	(732,500)	(44,095)	(5,247)	(25,906)
Other recognised gains/(losses)						
Realised & unrealised gains on property assets	7	3,000	-	-	3,000	12,287
Realised & unrealised gains on investment assets	8	54,592	-	-	54,592	271,224
Actuarial loss on defined benefit pension scheme	15	(500,000)	-	-	(500,000)	(119,000)
Net movement in funds		328,940	(732,500)	(44,095)	(447,655)	138,605
Reconciliation of funds						
Total funds brought forward		626,723	1,486,444	60,289	2,173,456	2,034,851
Total funds carried forward		955,663	753,944	16,194	1,725,801	2,173,456

All incoming resources and resources expended 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 2014

		2014	2013
Fixed assets	Notes	£	£
Tangible assets	6	1,103,122	26,784
Property	7	43,500	95,787
Investments	8	1,016,854	1,062,262
Cash for office purchase		-	972,195
Total fixed assets		2,163,476	2,157,028
Current assets			
Debtors	10	387,595	215,469
Short-term deposits		268,081	395,115
Cash at bank and in hand		241,992	276,003
Total current assets		897,668	886,587
Liabilities			
Creditors: amounts falling due within one year	11	(139,943)	(80,159)
Net current assets		757,725	806,428
Net assets excluding pension liability		2,921,201	2,963,456
Pension scheme liability	15	(1,195,400)	(790,000)
Net assets including pension liability		1,725,801	2,173,456
Funds			
Restricted funds	12	16,194	60,289
Unrestricted funds	12		
General fund		1,208,356	1,333,729
Designated funds		1,659,444	1,486,444
Revaluation reserve (UK property)		37,207	82,994
		<u>2,905,007</u>	<u>2,903,167</u>
Total funds before pension liability		2,921,201	2,963,456
Pension scheme reserve deficit	15	(1,195,400)	(790,000)
Total funds including pension liability		1,725,801	2,173,456

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

David Morgan
Chair of the Board
Date: 25 March 2015

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment assets and in accordance with applicable accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" revised 2005 and the Companies Act 2006.

Overseas accounts

The Charity is a member of the **SGM Lifeworlds** global family of organisations. The other members are separately incorporated companies in their respective countries. In 2014, there were agency agreements with member organisations in Australia, Brazil, Canada, Kenya, India, Indonesia and USA.

Company status

The Charity is a company limited by guarantee having no share capital. At the accounting date there were 74 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.

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 [2013: £932,500]. The second fund of £753,944 is a capital fund for new ministry development [2013: £553,944]. These designated funds were established following the surrender of the lease of the Charity's former offices in 2010. During 2014 the Charity was notified of a large legacy valued at £300k. As these funds will not be received until mid-2015 at the earliest, this £300k was allocated to the ministry development fund. 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 12.

Incoming resources and legacies

All incoming resources are 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.

Resources expended

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.

Support costs recognise the direct support that is provided in the advancement of the Charity's activities in relation to general management, finance and IT, premises and facilities, and administration costs for the defined benefit pension scheme. The total support expenditure (Note 3) was £383,218 [2013: £371,008]. The overhead cost of £48,899 attributed to premises and facilities includes rent, heating, lighting and use of equipment. The administration, legal and finance costs for the defined benefit pension scheme were £65,048, and included pension scheme-related legal costs of £21,082. These costs were for setting up the contingent asset agreement with the trustees of the pension scheme. Support costs also include the cost of finance and IT, which includes salaries, external IT support, and the cost of associated equipment required to support the Charity at a total of £73,786. Depreciation costs for the Charity's tangible fixed assets were £44,176. The remaining £151,309 relates to the general management of the Charity and includes some of the costs of Directors, global support staff, travel, meetings, and conferences. Governance costs include audit, legal and professional fees as well as costs relating to trustees' meetings.

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

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 7). One flat was sold in February 2014 and the last remaining garage was sold in November 2014. The properties are being held jointly with another charity pending vacant possession. At 31 December 2014 the investment property consists of one remaining apartment [2013: two apartments and one garage] 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.

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.

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 9).

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.

Taxation

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

Pension

The Charity operates a funded defined benefit pension scheme with Legal & General 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 'FRS17: Retirement benefits', the SOFA includes: the cost of benefits accruing during the year in respect of current service (charged against net incoming/(outgoing) resources); 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 incoming/(outgoing) resources); and actuarial losses recognised in the pension scheme (shown within net movement of funds). In accordance with FRS17, 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 15.

Foreign currencies

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

2 ANALYSIS OF TOTAL RESOURCES EXPENDED

RESOURCES EXPENDED	Direct Costs £	Support Costs £	Total 2014 £	Total 2013 £
Cost of generating funds				
Cost of generating voluntary income	85,508	80,476	165,984	151,811
Total cost of generating funds	85,508	80,476	165,984	151,811
Cost of charitable activities				
Providing Bible resources	830,167	226,011	1,056,178	794,408
Enabling programmes for communities-in-need	308,306	47,797	356,103	364,882
Strengthening capacity of branches & partners	38,717	15,908	54,625	66,205
Total cost of charitable activities	1,177,190	289,716	1,466,906	1,225,495
Governance costs				
Auditors' fees	6,282	-	6,282	5,697
Professional and legal fees	30,200	-	30,200	7,766
Strategic management	16,471	13,026	29,497	23,750
Trustees expenses	1,178	-	1,178	1,276
Total governance costs	54,131	13,026	67,157	38,489
TOTAL RESOURCES EXPENDED	1,316,829	383,218	1,700,047	1,415,795

Governance costs include employer related legal costs of £26,090 [2013: £nil] in respect of setting up the contingent asset agreement with the trustees of the defined benefit pension scheme. Auditors' fees includes £6,282 for Audit fee and irrecoverable VAT on fee [2013: £5,697 for Audit fee and irrecoverable VAT on fee].

3 ANALYSIS OF SUPPORT COSTS

	General Management £	Finance & IT £	Premises & Facilities £	DB pension admin, legal & finance costs £	Depreciation £	Total 2014 £	Total 2013 £
Cost of generating voluntary income	31,775	15,495	10,269	13,660	9,277	80,476	77,911
Providing Bible resources	83,220	44,272	29,339	44,884	24,296	226,011	217,840
Enabling programmes for communities-in-need	21,184	10,330	6,846	3,252	6,185	47,797	48,250
Strengthening capacity of branches & partners	7,565	3,689	2,445	-	2,209	15,908	16,500
Governance costs	7,565	-	-	3,252	2,209	13,026	10,507
Total support costs	151,309	73,786	48,899	65,048	44,176	383,218	371,008

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 includes elements from both the General Fund and the DB Pension (FRS17) Fund.

4 STAFF COSTS	Total 2014	Total 2013
Staff costs	£	£
Salaries	360,825	372,656
Social security	33,011	35,297
Pension	40,747	38,214
Total staff costs	434,583	446,167
Average number of employees (full time equivalent)	2014	2013
Management	4	4
Other staff	8	8

No staff member received £60,000 or more per annum during the year or previous year.

During the year the Charity transferred £99,600 to the defined pension scheme (£72,600 from general funds and £27,000 from designated funds) as part of the Recovery Plan [2013: £96,000 (£69,000 from general funds and £27,000 from designated funds)] and £nil in respect of accrual of benefits [2013: £nil] in accordance with the Schedule of Contributions.

In the way that our global family of organisations operates, some senior staff (management) in the UK are also responsible for facilitating and supporting work in the other seven **SGM Lifewords** centres in Brazil, India, Indonesia, Australia, Poland and Kenya. Currently all other national or functional directors report to the UK Executive Director, as part of a global leadership team. Together as a global family we employ a further 20-25 staff outside of the UK, and also 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.

5 BOARD EMOLUMENTS

The aggregated amount of expenses reimbursed to four Board members during the year was £1,178 [2013: five members, £1,275].

6 TANGIBLE FIXED ASSETS	Equipment, fixtures and fittings £	Office purchase, refurbishment & VAT costs £	Office leasehold £	Total £
At 1 January 2014	140,155	-	-	140,155
Additions	34,999	215,635	869,880	1,120,514
Disposals and written off	(60,802)	-	-	(60,802)
Cost at 31 December 2014	114,352	215,635	869,880	1,199,867
Depreciation				
At 1 January 2014	113,371	-	-	113,371
Charge for the year	17,935	8,843	17,398	44,176
Disposals and written off	(60,802)	-	-	(60,802)
Depreciation at 31 December 2014	70,504	8,843	17,398	96,745
Net book value				
At 31 December 2014	43,848	206,792	852,482	1,103,122
At 31 December 2013	26,784	-	-	26,784

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

The Trustees 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.

7 PROPERTY INVESTMENTS

	2014	2013
	£	£
UK property		
Value at 1 January	95,787	83,500
Revaluation	3,000	12,287
Disposals during year	(55,287)	-
Value at 31 December	43,500	95,787

The property at 31 December 2014 consists of one remaining apartment [2013: two apartments and one garage] 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.

	2014	2013
	£	£
Revaluation Reserve balance		
At original valuation at 1 January	12,793	12,793
Disposals during year	(6,500)	-
At original valuation at 31 December	6,293	12,793

Revaluation reserve balance (Note 12)	37,207	82,994
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The original valuation was the market valuation at the date of death, as the property was acquired as a legacy.

8 FIXED ASSET INVESTMENTS

	2014	2013
	£	£
Market value at 1 January	1,062,262	1,791,038
Disposals	(100,000)	(1,000,000)
Change in value in the year	54,592	271,224
Market value at 31 December	1,016,854	1,062,262

Historical cost:

At 31 December	719,089	791,191
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Listed investments are represented by 952,557 units in Newton Growth & Income Fund for Charities at book value of £719,089. The cumulative unrealised gains on these investments are £297,765 [2013: £271,071]. During the year the investments were transferred from Newton Investment Management Limited to BNY Mellon Funds Managers Limited as part of changes within the BNY Mellon Company. The funds were transferred from the Newton Global Growth & Income Fund for Charities to the Newton Growth & Income Fund for Charities, a fund with similar characteristics and holdings as the former fund.

9 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 2014 at the sum of £221,000 [2013: £201,500]. This valuation has not been subject to audit.

10 DEBTORS	2014	2013
	£	£
Legacy debtors	373,471	161,200
Taxation recoverable	7,924	31,293
VAT recoverable	-	5,525
Staff loans	2,201	6,798
Pre-payments and other	3,999	10,653
Total debtors	387,595	215,469

The Charity has been notified of legacies amounting to £53,400 [2013: £53,400] which have not been admitted as income as they are residual legacies and there is no indication of when they will be realised. These will be included in future periods when information on their realisation has been notified to the Charity.

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014	2013
	£	£
Taxation and social security	8,985	9,375
Trade creditors	61,667	30,902
VAT liability	32,716	-
Other creditors	36,575	39,882
Total creditors due within one year	139,943	80,159

12 MOVEMENTS IN FUNDS

	Balance at 1 January	Incoming Resources	Resources Expended	Transfers	Long Term Investment Liability	Actuarial Gains	Actuarial Losses	Balance at 31 December
	£	£	£					£
Restricted funds								
Providing Bible resources	53,360	352,484	(389,650)	-	-	-	-	16,194
Choose Life	-	34,903	(34,903)	-	-	-	-	-
Pavement Project	6,929	42,577	(49,506)	-	-	-	-	-
	60,289	429,964	(474,059)	-	-	-	-	16,194
Unrestricted funds								
Designated								
Security against the deficit of the defined benefit pension scheme	932,500	-	-	(27,000)	(905,500)	-	-	-
Ministry development	553,944	300,000	(100,000)	-	-	-	-	753,944
Revaluation Reserve	82,994	-	-	(48,787)	-	3,000	-	37,207
General	543,729	964,836	(1,125,988)	75,787	905,500	54,592	(500,000)	918,456
	2,113,167	1,264,836	(1,225,988)	-	-	57,592	(500,000)	1,709,607
Total funds	2,173,456	1,694,800	(1,700,047)	-	-	57,592	(500,000)	1,725,801

The fund for providing Bible resources covers publications in a wide range of countries.

The funds for Choose Life and Pavement Project cover the current operation and ongoing development of these programmes (a values-based curriculum for African schools, 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 [2013: £932,500]. The second fund of £753,944 is a capital fund for new ministry development [2013: £553,944].

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £	Designated Funds £	Restricted Funds £	Total £
Fund balances at 31 December are represented by:				
Fixed assets	804,032	1,359,444	-	2,163,476
Current assets	581,474	300,000	16,194	897,668
Current liabilities	(139,943)	-	-	(139,943)
Total net assets before pension liability	1,245,563	1,659,444	16,194	2,921,201
Long term pension liability	(289,900)	(905,500)	-	(1,195,400)
Total net assets	955,663	753,944	16,194	1,725,801

14 RELATED PARTY TRANSACTIONS

The Charity has a number of wholly owned dormant subsidiary companies in which the share capital is unpaid. Only **SGM Lifewords Ltd** is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2014.

One Board member, Peter Rawson (retired March 2014), acts as trustee for the charity Radstock (Eccleston Hall) Trust, which gave a grant of £240,000 to the Charity during the year [2013: £240,000].

One Board member, Tadeusz Tolwinski, is a member of the Executive Board of the **SGM Lifewords Foundation** in Poland, which received grants from the Charity totalling £104,949 [2013: £106,804].

15 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 with Legal & General, 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:	2014	2013
	£'000	£'000
Defined benefit scheme (Recovery Plan)	100	96
Defined contribution scheme	41	38
Total	141	134

No amounts were owing at the year end [2013: £nil].

Additional FRS17 disclosures

The valuation used for FRS17 disclosures has been based upon the latest full actuarial valuation at 6 April 2013 and updated by a qualified independent actuary. The major assumptions used by the actuary were:

%	2014	2013	2012	2011	2010
Rate of increase in salaries	n/a	3.3	2.8	2.7	3.3
Rate of increase for pensions in payment and deferred pension	2.9	3.3	2.8	2.7	3.3
Discount rate	3.5	4.5	4.5	4.7	5.5
Inflation assumption - retail price index increase	2.9	3.3	2.8	2.7	3.3

15 PENSION

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

	Long-term rate of expected return at 31/12/14		Long-term rate of expected return at 31/12/13		Long-term rate of expected return at 31/12/12	
	2014 fair value £'000	2013 fair value £'000	2014 fair value £'000	2013 fair value £'000	2012 fair value £'000	2012 fair value £'000
Legal & General funds						
Managed Funds	5.6	2,839	6.0	2,581	5.6	2,334
Annuities	4.5	1,985	4.5	1,827	4.5	1,893
Total market value of assets		<u>4,824</u>		<u>4,408</u>		<u>4,227</u>
Present value of scheme liabilities		<u>6,019</u>		<u>5,198</u>		<u>4,979</u>
Deficit in scheme being the net pension liability		(1,195)		(790)		(752)

Analysis of the amount charged against operating income

	2014 £'000	2013 £'000
Current service cost	-	-
Past service cost	-	-
Total operating charge	-	-

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

	2014 £'000	2013 £'000
Expected return on pension scheme assets	232	211
Interest on pension scheme liabilities	(229)	(218)
Net return	3	(7)

Analysis of amount recognised in Statement of Financial Activities (SOFA)

	2014 £'000	2013 £'000
Actual return less expected return on pension scheme assets	119	145
Experience losses arising on the scheme liabilities	(17)	(48)
Changes in assumptions underlying the present value of the scheme liabilities	(602)	(216)
Actuarial loss recognised in SOFA	(500)	(119)

The movements on the scheme deficit during the period for FRS17 purposes are:

	2014 £'000	2013 £'000
Deficit in the scheme at beginning of year	(790)	(752)
Movement in year		
Contributions	100	96
Investment income	3	-
Other finance costs	-	(7)
Expenses paid by scheme	(8)	(8)
Actuarial loss	(500)	(119)
Deficit in the scheme carried forward	(1,195)	(790)

15 PENSION (continued)

History of experienced gains and losses

	2014	2013	2012	2011	2010
Difference between actual and expected return on scheme assets (£'000)	119	145	45	(115)	123
Percentage of scheme assets at end of year	2.5	3.3	1.1	(2.9)	3.1
Experience (losses)/gains on scheme liabilities (£'000)	(17)	(48)	59	(111)	(52)
Percentage of the present value of the scheme liabilities	(0.3)	(0.9)	1.2	(2.3)	(1.2)
Total amount recognised in SOFA (£'000)	(500)	(119)	(43)	(502)	153
Percentage of the present value of the scheme liabilities	(8.3)	(2.3)	(0.9)	(10.5)	3.5

Volatility of FRS17

It should be noted that the methodology and assumptions prescribed for the purposes of FRS17 mean that these disclosures are inherently volatile, varying greatly according to investment market conditions at each accounting date.