

# **Annual Report & Accounts**

**Trustees' Annual Report and Financial Statements 2017  
Scripture Gift Mission (Incorporated)**

**Company number 145932  
Charity number 219055**

**LIFEWORDS**  
[www.lifeworlds.global](http://www.lifeworlds.global)

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## **REPORT OF THE TRUSTEES INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31 December 2017 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

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  
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)
	Keith Bintley	
	Lynn Caudwell	
	Elisabeth Heyburn	
	Mark Hurley	
	Fred Slack	
Company Secretary	Eduardo Juan Harris	

#### **Key management personnel: Leadership Team**

Executive Director	Danielle Welch
Creative Director	Steve Bassett
Finance Director	Eduardo Juan Harris

## **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.

### **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 2017**

Alongside widespread distribution of resources, and provision of programmes with partners, in 2017 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.
- 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.
- Globally, to extend the reach of our existing Bible programmes and to increase the impact of life words in local communities; specifically to pilot the Choose Life programme in Brazil, and to equip more partner organisations to use Pavement Project tools with children-at-risk through a 'training of trainers' programme.
- 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.

## STRATEGIC REPORT

### REVIEW OF ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR

#### Providing ways in to the Bible

In 2017, Lifewords freely provided 1,018,289 printed Bible resources to partners (individuals, churches, and organisations) around the world. This included a range of evangelistic and pastoral titles in 46 languages, used by people in 65 countries. All our resources provide people with a way in to the Bible's life words for themselves. Partners used Lifewords resources to share the Bible through church events, personal evangelism, and outreach work; with families, refugees, and the elderly; in hospitals and prisons, drop-in centres and schools.

In the UK, two new booklets were published: *Little Book of Chaos* (see below); and *OUTSIDE/IN* – welcoming everyone in to the Christmas story. Altogether, 152,000 Christmas resources were taken and used in the UK – the highest number for over a decade. Easter distribution was similarly high, with partners sharing *One Friday, Witness: Easter Voices*, as well as *Easter Journey* cards and films. We were pleased to be able to help churches communicate good news well in their communities.

Our Global Bible Resource programme continued to equip people around the world with strategically chosen language resources. Thirteen new titles were added in Bengali, Hindi, Tamil, and Urdu, as well as Turkish, Russian, and Romanian – reflecting demand for these languages. We were particularly pleased to be able to add new Indian language resources, supporting the work of evangelists and pastors with a heart for sharing the gospel across India.

Our Life Changing Words apps and daily email programme help people engage with the Bible daily, and share it with others. During 2017, the daily emails had a readership of almost 29,000 people (across 12 languages) and there were 7,336 new installs of the LCW apps – bringing the total number of app users to just under 35,000. Verses were 'ranked' (as difficult, interesting, life-changing or inspiring) over 140,000 times during the year – showing user engagement with the app. There were also 22,500 'shares' of verses in the year through the app, on social media or through (more than 8,500) text messages.

#### Responding to strategic needs

We are working with partners around the world to provide the hope of transformation and liberation to people and communities in need, through the Bible's life words. During 2017 our Choose Life programme was used in school, church and community settings in Kenya, Tanzania and DRC – as well as in several prisons in Nairobi. We also piloted the programme for the first time in Brazil, in partnership with Norwegian Mission Alliance and the Brazilian Baptist Mission Board. Political and economic pressures in Brazil have turned back improvements that had been made in poorer communities; and crime and violence which had been significantly reduced in the past decade is on the rise again, leaving young people vulnerable – and in need of good news and values to shape their lives. Choose Life has proved effective in East Africa in empowering teenagers for good personal and moral decision-making. The 2017 pilot scheme in Brazil has shown similarly positive results, and we expect partners to continue and expand the programme in 2018. As one observer commented, "I saw a real enthusiasm from the children for a different way of thinking. They were excited and talkative, offering their ideas and keen for more lessons. For these children guns and violence are an everyday reality, but Choose Life is offering them a new path; instead of death they are focusing on life and hope."

In addition to Choose Life, in 2017 Lifewords ran RISE Bible Clubs (in high schools in Kenya); Visible Story training across Indonesia; and Pavement Project training in 15 countries – reaching thousands of at-risk and traumatised children with one-to-one Bible-based counselling. Of strategic importance were the completion of Pavement Project resources in Arabic; development of training resources in French and in Indian languages; and final testing and approval of an app version of the Pavement Project green bag tool. These innovations will allow partners to counsel more children and young people at-risk in places of

greatest need, extending Pavement Project's reach. In 2017 we conducted the very first Pavement Project training course using tablet computers rather than green bags, in preparation for training planned for the Middle East in 2018.

### **Reaching and engaging new generations**

We are passionate about reaching and engaging new generations with the story and the way of Jesus. In 2017 our VerseFirst programme provided daily life words for upwards of twenty thousand online followers. Instagram features pointed users to longer passages of Scripture, and blog content helped users to apply life words to their own lives.

With widely-reported increases in levels of teen depression, anxiety, and self-harm in the UK, in 2017 we teamed up with mental health organisation Think Twice to publish *Little Book of Chaos*, helping young people talk honestly about the ups and downs of life. The booklet combines real life stories and quotes from young people who have suffered mental health difficulties, along with quotes from the Bible; and is being used by young people, parents, and youth leaders as a tool for talking about mental health, stress, and anxiety. "*Little Book of Chaos* has made it so much easier for me to open up conversations with young people regarding topics we sometimes find tough to talk about", says David Hellyer, Youth Director at Kingdom Faith Church. "My young people have told me that the raw and authentic content feels so real and relatable."

Through VerseFirst we also partnered with UK youth organisation Youthscape to freely provide a resource called 'Shuffle' to teenagers making a first-time faith commitment at summer festivals. The resource (packaged as a deck of cards) gives young people forty days of Bible readings, prayer and action prompts, and follow-up links to VerseFirst for ongoing Bible engagement.

Finally, in 2017 Lifewords sponsored a new initiative, NINE BEATS, aiming to share the ancient wisdom of the beatitudes and the way of Jesus in contemporary culture. The project is made up of a collective of artists, activists, and leaders, producing content inspired by the beatitudes. In a world marked by division and where younger generations seem increasingly disillusioned with political and religious systems, NINE BEATS aims to speak into spaces where formal church activities may not reach – inviting young adults to explore the beatitudes as a way of life and practice, and discover Jesus in the process. Jesus' way of trust, lament, humility, justice, compassion, right motive, peace-making, suffering and radical love is as compelling and life-transforming for this new generation as for any other, if only they have the chance to hear it for the good news that it is. The beatitudes speak as a manifesto for a new world order, a new rhythm, a new beat. So far the Collective has produced a 26-track album, *Nine Beats to the Bar*; and a journal resource, *The Ninefold Path*. The album was launched in the UK in summer 2017, receiving positive reviews from independent music press. A full 'Learning Lab' group guide to the Ninefold Path will be published in 2018, along with ongoing web content and live events. The project involves artists from the UK, USA, Denmark, and Uganda.

### **Engaging UK donors to help provide the Bible's life words**

Having been known as 'SGM Lifewords' for ten years, in 2017 we refreshed our visual identity and also switched to using the shorter version of our name, Lifewords. The new Lifewords brand was launched in September with a fresh UK website. Lifewords organisations in other countries will follow suit in 2018. The visual identity and messaging is clear and confident. It focuses on our core mission of providing ways in to the Bible, so that people everywhere may experience life words as good news for their lives and for the world, discovering the hope and liberation that Jesus brings.

With the work on branding in the first part of the year, recruitment of new supporters was fairly slow. However, we ended the year with a slightly higher number of engaged supporters than in 2016 (looking at all those people giving, and sharing resources).

Total financial giving from churches and individuals was lower than in 2016; income from Trusts was higher. During 2017 we ran campaigns to raise support for VerseFirst and Pavement Project; these returned less income than prior year campaigns. However, throughout the year people gave steadily to Pavement Project needs, sponsoring new bags or tablets throughout the year. We also saw an increase in regular donors (people giving through Standing Orders or Direct Debits).

We recognise that the development of new support relationships and networks is an essential priority. Plans to employ more fundraising capacity in 2017 were delayed by other staff changes, and by lack of suitable candidates for advertised posts. However, we were pleased to successfully recruit a new post at the end of the year, which will become active in Q2 2018.

## **FINANCIAL REVIEW**

Income was £1,365,341, a decrease of £199,827 (13%) on the previous year. This reflects lower donations and grants (a decrease of £37,353 on 2016) and lower legacy income (a decrease of £160,147 on 2016). The financial statements show that 66% of income came from donations and grants [2016: 60%], 32% from legacies [2016: 38%], and 2% from literature sales and investment income [2016: 2%]. The Charity spent 92% of total expenditure on developing, producing, and delivering products and programmes in the UK and overseas [2016: 91%]. 8% was spent on raising funds [2016: 9%].

During the past financial year there was a deficit on ordinary activities of £264,902 [2016: surplus of £16,807]. This was due to lower legacy income in the year, and the planned use of Ministry Development Funds towards new initiatives. The Ministry Development Fund was put in place in 2010 for this purpose – to invest in major new projects, beyond the scope of ordinary annual income. Legacy income has been added to the fund over the past seven years, and this fund has enabled projects such as the WW1 Gospels, NINE BEATS, and the next generation of Pavement Project resources. The net movement in funds in 2017, which includes other recognised gains and losses, produced a deficit on the total funds of £238,662 [2016: deficit of £648,073]. This was mainly due to FRS102 actuarial losses on the defined benefit pension scheme of £67,000 [2016: actuarial losses of £766,000] as well as the use of Ministry Development Funds.

### **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 £800k-£1,200k) 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 2017 (calculated as net assets, excluding restricted funds, the pension reserve and property & fixed assets) were £1,538,679 [2016: £1,747,603]. 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 13.8% against the comparative index of 10.2% [2016: performance of 14.5% against comparative index performance of 17.9%]. During the year the Fund outperformed its comparative index by 3.6%. 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 £396,018 [2016: unrealised gains of £364,828]. 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 £1,608,000 [2016: deficit of £1,611,800]. 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 £800,288) to strengthen the employer covenant and to give the pension trustees greater financial security over the assets of the employer. During the year the 2016 triennial valuation was finalised and a new Recovery Plan agreed (£120,000 per annum increasing on each 6 April by 2% until July 2029, replacing the previous Recovery Plan of £100,800 per annum until April 2026). 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**

Key priorities for 2018 include ongoing outreach to young people and young adults in global culture, through VerseFirst and NINE BEATS initiatives in the UK, Australia, and USA. We believe 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.

We plan to develop 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 our *Consider the Wildflowers* booklet in several languages, equipping partner ministries working with women trapped in sexual exploitation.

Development of our LCWords apps is also a priority for 2018, in order to equip people for personal evangelism using their phone – the tool that is always to hand. We plan to add new shareable content, including resources intended for conversation and 1-2-1 sharing.

We plan to partner with organisations working in the Middle East, in order to provide Pavement Project counselling to children and young people in the region – especially those who have experienced the horror of war and flight, and those living as refugees. Similarly, we hope to extend new Pavement Project training to partners working in Haiti and the Dominican Republic – focusing our efforts on places of greatest need, where children can most benefit from the intervention that Pavement Project offers.

In 2018 we will also prioritise the development of UK networks for impact and support, using the new Lifewords brand to help increase profile and engagement with UK Christians. Similarly we will be rolling out the brand to other Lifewords organisations outside the UK, aiming to 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 72 members [2016: 72], 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.

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 2017, there were agency agreements with member organisations in Australia, Brazil, Canada, Kenya, India, Indonesia, and USA. During the course of the previous year the Poland Foundation, formerly a subsidiary of the UK, was dissolved. From January 2016, Polish personnel are now self-employed contractors of the UK entity (as part of a re-organisation of the International Office function). This provides a more flexible and efficient structure for the Poland-based team.

## **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 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 **Lifeworlds Ltd** is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2017.

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. One Board member, Keith Bintley, acts as a trustee for the charity Stewards Company Ltd. All three charities gave grants to the Charity during the year, the aggregate total of which was £383,000 [2016: £382,000].

Jadan Reeves-Bassett, son of the Creative Director, was paid £8,300 for design services [2016: £2,250].

The aggregated total amount of donations received without conditions from key management personnel during the year was £3,436 [2016: £2,259].

## **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 April 2015.

## **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 2017 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.

## **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: 24 May 2018

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

### **Opinion**

We have audited the financial statements of Scripture Gift Mission (Incorporated) (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the Statement of Cash and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 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.

### **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.

### **Use of the audit report**

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

### **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 Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees 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 Report of the Trustees 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 Report of the Trustees.

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 and take advantage of the small companies' exemption in preparing the Trustees' 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 page 10, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Signed:

**Nicola Wakefiled**

**(Senior Statutory Auditor)**

**for and on behalf of Mazars LLP**

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey SM1 4JQ

Date: 8 June 2018

**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 December 2017**

	Notes	Unrestricted Funds		Restricted Funds	Total 2017	Total 2016
		General Fund and Revaluation Reserve	Designated Funds			
Income		£		£	£	£
Donations and grants		450,784	-	445,703	896,487	933,840
Legacies		432,614	-	-	432,614	592,761
		883,398	-	445,703	1,329,101	1,526,601
Investment income	3	29,676	-	-	29,676	34,223
Other income	4	6,564	-	-	6,564	4,344
<b>Total income</b>		<b>919,638</b>	<b>-</b>	<b>445,703</b>	<b>1,365,341</b>	<b>1,565,168</b>
<b>Expenditure</b>	5					
Costs of raising funds		131,146	-	-	131,146	141,864
Expenditure on charitable activities						
Providing Bible resources		609,576	150,000	379,960	1,139,536	1,072,689
Enabling programmes for communities-in-need		225,478	-	86,457	311,935	288,561
Strengthening capacity of branches & partners		47,626	-	-	47,626	45,247
		882,680	150,000	466,417	1,499,097	1,406,497
<b>Total expenditure</b>		<b>1,013,826</b>	<b>150,000</b>	<b>466,417</b>	<b>1,630,243</b>	<b>1,548,361</b>
<b>Net (expenditure)/income before gains and losses</b>		<b>(94,188)</b>	<b>(150,000)</b>	<b>(20,714)</b>	<b>(264,902)</b>	<b>16,807</b>
Realised & unrealised gains on investment assets	12	93,240	-	-	93,240	101,120
<b>Net (expenditure)/income</b>		<b>(948)</b>	<b>(150,000)</b>	<b>(20,714)</b>	<b>(171,662)</b>	<b>117,927</b>
<b>Other recognised losses</b>						
Remeasurement losses on defined benefit pension scheme	19	(67,000)	-	-	(67,000)	(766,000)
<b>Net movement in funds</b>		<b>(67,948)</b>	<b>(150,000)</b>	<b>(20,714)</b>	<b>(238,662)</b>	<b>(648,073)</b>
<b>Reconciliation of funds</b>						
Funds brought forward 1 January 2017		533,402	663,944	43,782	1,241,128	1,889,201
<b>Funds carried forward 31 December 2017</b>		<b>465,454</b>	<b>513,944</b>	<b>23,068</b>	<b>1,002,466</b>	<b>1,241,128</b>

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 2017**

		2017	2016
<b>Fixed assets</b>	<b>Notes</b>	<b>£</b>	<b>£</b>
Tangible assets	10	985,223	1,018,043
Investment property	11	43,500	43,500
Investments	12	926,555	983,315
<b>Total fixed assets</b>		<b>1,955,278</b>	<b>2,044,858</b>
<b>Current assets</b>			
Debtors	14	250,772	208,381
Stock		19,996	-
Short-term deposits		149,902	148,658
Cash at bank and in hand		330,497	555,490
<b>Total current assets</b>		<b>751,167</b>	<b>912,529</b>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	15	(95,979)	(104,459)
<b>Net current assets</b>		<b>655,188</b>	<b>808,070</b>
<b>Net assets excluding pension liability</b>		<b>2,610,466</b>	<b>2,852,928</b>
Defined benefit pension scheme liability	19	(1,608,000)	(1,611,800)
<b>Total net assets</b>		<b>1,002,466</b>	<b>1,241,128</b>
<b>Represented by:</b>			
<b>Restricted funds</b>	16	<b>23,068</b>	<b>43,782</b>
Unrestricted funds	16		
General fund		1,130,747	1,202,495
Designated funds		1,419,444	1,569,444
Revaluation reserve (property investment)		37,207	37,207
Pension scheme reserve deficit	19	(1,608,000)	(1,611,800)
<b>Total unrestricted funds</b>		<b>979,398</b>	<b>1,197,346</b>
<b>Total charity funds</b>		<b>1,002,466</b>	<b>1,241,128</b>

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 17 to 26 form part of these financial statements.

Approved by the Trustees on 24 May 2018 and signed on their behalf by:

David Morgan  
Chair of the Board  
Date: 24 May 2018

**STATEMENT OF CASH FLOWS**  
**at 31 December 2017**

	Notes	2017	2016
<b>Cash flows from operating activities</b>		£	£
Net expenditure as per SOFA		(238,662)	(648,073)
Adjustments for:			
Depreciation		38,070	42,474
Gain on investments		(93,240)	(101,120)
Interest income		(29,676)	(34,223)
(Increase)/decrease in debtors		(42,391)	123,960
(Decrease)/increase in creditors		(8,480)	22,136
<b>Net cash used in operating activities</b>		<b>(394,375)</b>	<b>(594,846)</b>
<b>Cashflows from investing activities</b>			
Purchase of property plant and equipment		(5,250)	(1,683)
Proceeds on disposal of investments		150,000	100,000
Dividends and interest from investments		29,676	34,223
<b>Net cash provided by investing activities</b>		<b>174,426</b>	<b>132,540</b>
<b>Cashflows from financing activities</b>			
Movement in defined benefit pension scheme		(3,800)	697,200
<b>Net cash (used in)/provided by financing activities</b>		<b>(3,800)</b>	<b>697,200</b>
Change in cash and cash equivalents in the reporting period		(223,749)	234,894
Cash and cash equivalents at the beginning of the reporting period		704,148	469,254
<b>Cash and cash equivalents at the end of the reporting period</b>	20	<b>480,399</b>	<b>704,148</b>



## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017**

### **1 LEGAL STATUS OF THE CHARITY**

The Charity is a company limited by guarantee having no share capital. At the accounting date there were 72 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 consider that it is appropriate for the financial statements to be prepared on the 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 [2016: £nil]. The second fund of £513,944 is a capital fund for new ministry development [2016: £663,944]. 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 2017 the investment property consists of one remaining apartment [2016: 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. During the previous year, the Trustees of the defined benefit pension scheme changed the scheme administration and actuarial services from Legal & General to Barnett Waddingham LLP.

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.

### 3 INVESTMENT INCOME

The Charity's investment income of £29,676 [2016: £34,223] arises from dividends from fixed asset investments (£27,784 [2016: £31,131]), interest bearing deposit accounts (£1,892 [2016: £3,092]).

### 4 OTHER INCOME

The Charity's other income of £6,564 [2016: £4,344] arises from literature sales, some church display rack sales, and in 2017 the sale of NINE BEATS albums, merchandise, and Ninefold Path resources.

### 5 ANALYSIS OF TOTAL EXPENDITURE

EXPENDITURE	Direct Costs £	Support Costs £	Total 2017 £	Total 2016 £
Costs of raising funds	72,591	58,555	131,146	141,864
<b>Total cost of raising funds</b>	<b>72,591</b>	<b>58,555</b>	<b>131,146</b>	<b>141,864</b>
<b>Expenditure on charitable activities</b>				
Providing Bible resources	833,414	306,122	1,139,536	1,072,689
Enabling programmes for communities-in-need	278,476	33,459	311,935	288,561
Strengthening capacity of branches & partners	27,521	20,105	47,626	45,247
<b>Total expenditure on charitable activities</b>	<b>1,139,411</b>	<b>359,686</b>	<b>1,499,097</b>	<b>1,406,497</b>
<b>TOTAL EXPENDITURE</b>	<b>1,212,002</b>	<b>418,241</b>	<b>1,630,243</b>	<b>1,548,361</b>

### 6 ANALYSIS OF SUPPORT COSTS

	General management £	Premises, Finance & IT £	DB pension admin, legal & finance £	Depreciation £	Governance costs £	Total 2017 £	Total 2016 £
Costs of raising funds	20,254	18,173	11,641	5,330	3,157	58,555	52,326
Providing Bible resources	104,159	93,456	64,860	27,412	16,235	306,122	273,147
Enabling programmes for communities-in-need	11,573	10,384	6,652	3,046	1,804	33,459	29,900
Strengthening capacity of branches & partners	8,680	7,788	-	2,284	1,353	20,105	18,381
<b>Total support costs</b>	<b>144,666</b>	<b>129,801</b>	<b>83,153</b>	<b>38,072</b>	<b>22,549</b>	<b>418,241</b>	<b>373,754</b>

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

GOVERNANCE COSTS	Total 2017 £	Total 2016 £
Auditors' fees	6,319	6,074
Professional and legal fees	398	958
Strategic management	15,003	9,091
Trustees' expenses	829	1,611
<b>Total governance costs</b>	<b>22,549</b>	<b>17,734</b>

Auditors' fees include £6,319 for Audit fee and irrecoverable VAT on fee [2016: £6,074].

## 8 STAFF COSTS

	Total 2017	Total 2016
	£	£
<b>Staff costs</b>		
Salaries	338,361	388,793
Social security	33,009	34,791
Pension	37,245	40,545
<b>Total staff costs</b>	<b>408,615</b>	<b>464,129</b>

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. During the previous year one staff post was made redundant, with a termination payment of £8,006.

The key management personnel of the Charity, comprise the Trustees, Executive Director, Creative Director and Finance Director. The total employee benefits of the key management personnel of the Charity were £145,473 [2016: £143,093].

The average monthly head count was 11 staff [2016: 13 staff]. At year-end the charity had 7 full-time staff [2016: 7 full-time staff] and 4 part-time staff [2016: 4 part-time staff]. The average monthly number of full-time equivalent employees during the year was 9 [2016: 11].

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. Currently all other national or functional directors report to the UK & International 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 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 £115,200 to the defined pension scheme as part of the Recovery Plan [2016: £100,800] and £nil in respect of accrual of benefits [2016: £nil] in accordance with the Schedule of Contributions.

## 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 two Board members during the year was £839 [2016: three members, £1,611]. 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 2017	110,908	208,144	869,880	1,188,932
Additions	7,023	(1,773)	-	5,250
Disposals and written off	-	-	-	-
<b>Cost at 31 December 2017</b>	<b>117,931</b>	<b>206,371</b>	<b>869,880</b>	<b>1,194,182</b>
<b>Depreciation</b>				
At 1 January 2017	91,591	27,104	52,194	170,889
Charge for the year	11,779	8,893	17,398	38,070
Disposals and written off	-	-	-	-
<b>Depreciation at 31 December 2017</b>	<b>103,370</b>	<b>35,997</b>	<b>69,592</b>	<b>208,959</b>
<b>Net book value</b>				
At 31 December 2017	14,561	170,374	800,288	985,223
At 31 December 2016	19,317	181,040	817,686	1,018,043

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	2017 £	2016 £
Value at 1 January	43,500	43,500
Disposals during year	-	-
<b>Value at 31 December</b>	<b>43,500</b>	<b>43,500</b>

The investment property at 31 December 2017 consists of one remaining apartment [2016: 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.

Revaluation Reserve balance	2017 £	2016 £
At original valuation at 1 January	6,293	6,293
Disposals during year	-	-
<b>At original valuation at 31 December</b>	<b>6,293</b>	<b>6,293</b>

**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

	2017	2016
	£	£
Market value at 1 January	983,315	982,195
Disposals	(150,000)	(100,000)
Change in value in the year	93,240	101,120
<b>Market value at 31 December</b>	<b>926,555</b>	<b>983,315</b>

Historical cost:

At 31 December	530,537	618,487
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Listed investments are represented by 702,787 units in Newton Growth & Income Fund for Charities at a book value of £530,537 [2016: £618,487]. The cumulative unrealised gains on these investments are £396,018 [2016: £364,828].

## 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 2017 at the sum of £135,000 [2016: £163,000]. This valuation has not been subject to audit.

## 14 DEBTORS

	2017	2016
	£	£
Legacy debtors	212,956	174,539
Taxation recoverable	6,136	3,806
VAT recoverable	717	-
Staff loans	7,350	6,557
Pre-payments and other	23,613	23,479
<b>Total debtors</b>	<b>250,772</b>	<b>208,381</b>

The Charity has been notified of legacies estimated at £8,000 [2016: £33,400] 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.

## 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Taxation and social security	7,181	9,044
Trade creditors	22,441	35,163
VAT liability	-	1,205
Other creditors	66,357	59,047
<b>Total creditors due within one year</b>	<b>95,979</b>	<b>104,459</b>

**16 MOVEMENTS IN FUNDS**

	Balance at 1 January £	Income £	Expenditure £	Investment Gains	Actuarial Losses	Balance at 31 December £
<b>Restricted funds</b>						
Providing Bible resources	20,000	311,961	(320,961)	-	-	11,000
Choose Life	-	4,403	(4,403)	-	-	-
Pavement Project	23,782	70,340	(82,054)	-	-	12,068
9Beats	-	30,293	(30,293)	-	-	-
Verse First	-	28,392	(28,392)	-	-	-
Indonesia	-	314	(314)	-	-	-
	<b>43,782</b>	<b>445,703</b>	<b>(466,417)</b>	<b>-</b>	<b>-</b>	<b>23,068</b>
<b>Unrestricted funds</b>						
<b>Designated</b>						
Security against the deficit of the defined benefit pension scheme	-	-	-	-	-	-
Ministry development	663,944	-	(150,000)	-	-	513,944
<b>Revaluation Reserve</b>	37,207	-	-	-	-	37,207
<b>General</b>	496,195	919,638	(1,013,826)	93,240	(67,000)	428,247
	<b>1,197,346</b>	<b>919,638</b>	<b>(1,163,826)</b>	<b>93,240</b>	<b>(67,000)</b>	<b>979,398</b>
<b>Total funds</b>	<b>1,241,128</b>	<b>1,365,341</b>	<b>(1,630,243)</b>	<b>93,240</b>	<b>(67,000)</b>	<b>1,002,466</b>

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 9Beats 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). The fund for Indonesia covers costs for training and resourcing pastors and evangelists, particularly those serving poor and remote communities.

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 [2016: £nil]. The second fund of £513,944 is a capital fund for new ministry development [2016: £663,944].

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	General Fund £	Revaluation Reserve £	Designated Funds £	Restricted Funds £	Total £
Fund balances at 31 December are represented by:					
Fixed assets	498,627	37,207	1,419,444	-	1,955,278
Current assets	728,099	-	-	23,068	751,167
Current liabilities	(95,979)	-	-	-	(95,979)
<b>Total net assets before pension liability</b>	<b>1,130,747</b>	<b>37,207</b>	<b>1,419,444</b>	<b>23,068</b>	<b>2,610,466</b>
<b>Long term pension liability</b>	<b>(702,500)</b>	<b>-</b>	<b>(905,500)</b>	<b>-</b>	<b>(1,608,000)</b>
<b>Total net assets</b>	<b>428,247</b>	<b>37,207</b>	<b>513,944</b>	<b>23,068</b>	<b>1,002,466</b>

## 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 2016.

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. One Board member, Keith Bintley, acts as a trustee for the charity Stewards Company Ltd. All three charities gave grants to the Charity during the year, the aggregate total of which was £383,000 [2016: £382,000].

Jadan Reeves-Bassett, son of the Creative Director, was paid £8,300 for design services [2016: £2,250].

The aggregated total amount of donations received without conditions from key management personnel during the year was £3,436 [2016: £2,259].

## 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. During the previous year the Trustees of the defined benefit pension scheme changed the scheme administration and actuarial services from Legal & General to Barnett Waddingham LLP. 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:	2017	2016
	£'000	£'000
Defined benefit scheme (Recovery Plan)	115	101
Defined contribution scheme	37	40
<b>Total</b>	<b>152</b>	<b>141</b>

No amounts were owing at the year end [2015: £nil].

### Additional FRS102 disclosures

The valuation used for FRS102 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:

%	2017	2016	2015	2014	2013
Rate of increase in salaries	n/a	n/a	n/a	n/a	3.3
Rate of increase for pensions in payment and deferred pension	3.1	3.2	2.9	2.9	3.3
Discount rate	2.6	2.9	3.8	3.5	4.5
Inflation assumption - retail price index increase	3.2	3.3	3.0	2.9	3.3



**19 PENSION (continued)**

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

	Long-term rate of expected return at 31/12/17 %	2017 fair value £'000	Long-term rate of expected return at 31/12/16 %	2016 fair value £'000	Long-term rate of expected return at 31/12/15 %	2015 fair value £'000
Legal & General funds						
Managed Funds	5.6	3,770	5.6	3,482	5.6	2,937
Annuities	4.5	<u>1,818</u>	4.5	<u>1,877</u>	4.5	<u>1,849</u>
<b>Total market value of assets</b>		<u>5,588</u>		<u>5,359</u>		<u>4,786</u>
<b>Present value of scheme liabilities</b>		<u>7,196</u>		<u>6,970</u>		<u>5,700</u>
<b>Deficit in scheme being the net pension liability</b>		<b>(1,608)</b>		<b>(1,611)</b>		<b>(914)</b>

**Analysis of the amount charged against operating income**

	2017 £'000	2016 £'000
Current service cost	-	-
Past service cost	-	-
<b>Total operating charge</b>	<b>-</b>	<b>-</b>

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

	2017 £'000	2016 £'000
Expected return on pension scheme assets	154	181
Interest on pension scheme liabilities	<u>(199)</u>	<u>(213)</u>
<b>Net return</b>	<b>(45)</b>	<b>(32)</b>

**Remeasurements over the year**

	2017 £'000	2016 £'000
Gains on assets in excess of interest	190	461
Experience gains on liabilities	3	50
Gains/(losses) from changes to demographic assumptions	61	(154)
Losses from changes to financial assumptions	<u>(321)</u>	<u>(1,123)</u>
<b>Remeasurements over the year</b>	<b>(67)</b>	<b>(766)</b>

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

	2017 £'000	2016 £'000
Deficit in the scheme at beginning of year	(1,611)	(914)
Movement in year		
Contributions	115	101
Interest on assets	154	181
Interest cost	(199)	(213)
Other finance costs	-	-
Expenses paid by scheme	-	-
Remeasurements over the year	<u>(67)</u>	<u>(766)</u>
<b>Deficit in the scheme carried forward</b>	<b>(1,608)</b>	<b>(1,611)</b>

## 19 PENSION (continued)

### History of experienced gains and losses

	2017	2016	2015	2014	2013
Difference between actual and expected return on scheme assets (£'000)	190	461	(32)	119	145
Percentage of scheme assets at end of year	3.4	8.6	(0.7)	2.5	3.3
Experience gains/(losses) on scheme liabilities (£'000)	3	50	64	(17)	(48)
Percentage of the present value of the scheme liabilities	0.0	0.7	1.1	(0.3)	(0.9)
Total amount recognised in SOFA (£'000)	(67)	(766)	229	(500)	(119)
Percentage of the present value of the scheme liabilities	(0.9)	(11.0)	4.0	(8.3)	(2.3)

### 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 2017	Cash flows	At 31 December 2017
Cash at bank	555,490	(224,993)	330,497
Cash on deposit	148,658	1,244	149,902
	704,148	(223,749)	480,399
<b>Net cash</b>	<b>704,148</b>	<b>(223,749)</b>	<b>480,399</b>