

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
**(A company limited by guarantee)**

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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<b>Trustees</b>	Revd Canon Sheila Bamber (appointed 18 December 2019) Revd Wendy Carey (resigned 24 April 2019) Fr Jonathan Ewer Mr Allan Hargreaves (resigned 31 July 2019) Mr Stephen Hogg Mr Jeremy Hopkinson (resigned 27 April 2020) Br Anthony Purvis (resigned 7 November 2019) Mthr Catherine Relf-Pennington (removed 7 November 2019) Mr Robert Scott-Biggs Revd Prof Keith Straughan (appointed 18 December 2019) Fr Robert Stretton Mr Mark Tomlinson (appointed 18 December 2019)
<b>Company registered number</b>	04943183
<b>Charity registered number</b>	1101444
<b>Registered office</b>	St Anthony's Priory 74 Claypath Durham DH1 1QT
<b>Company secretary</b>	Robert Scott-Biggs
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants Statutory Auditors Rutland House 148 Edmund Street Birmingham B3 2FD
<b>Solicitors</b>	Wrigleys 19 Cookridge Street Leeds West Yorkshire LS2 3AG
<b>Investment manager</b>	Rathbones 1 Curzon Street London W1J 5FB

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Trustees present their annual report together with the audited financial statements of the Company for the year 1 January 2019 to 31 December 2019. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

**Objectives and activities**

**Policies and objectives**

The charity's objectives are set out in the memorandum of association. The Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit.

The aims of the Society are to support and encourage those who wish to prepare and train for Christian ministry in all its forms and by so doing assist and pastor those wishing to affirm and come to a life enhancing knowledge of the Christian faith.

The Society undertakes charitable activities within the fields of Christian ministry, spirituality and education, usually at the invitation of the wider Church. This has been the Society's policy since its inception. The principal areas in which the Society is currently involved are supporting theological education and training in addition to providing grant support for projects consistent with its aims and objectives.

The Trustees confirm that in developing and undertaking activities by the Society, they are mindful of their obligations to ensure that they are furthering the charity's purposes for the public benefit and have had due regard to the guidance published by the Charity Commission in this respect.

**Grant-making policies**

The responsibility for making decisions on grant making rests with the Trustees. The Trustees review applications for grants at a meeting once a year (usually November) for payment in the following year. Grants are provided through the Kelham Theological College Fund established for the specific purpose of supporting ministry training and theological education. The Society also supports wider Christian related activities and projects through discretionary grants from its General Fund.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Achievements and performance and review of activities**

2019 began with the Charity facing a number of challenges.

The declining numbers of professed members (and their increasingly fragile health) led us to commission a review of the order in consultation with the Bishop Visitor and with the support of the Bishop of Manchester. We await the final report and will consider how to implement any recommendations.

We had reached a resolution of staff matters at St Antony's Priory and set about getting to grips with the renovation of the main building, and facing up to the size of the challenge to bring 72 Claypath up to a suitable standard. We also faced a site at Willen that was no longer needed. These major property projects have occupied much of the Board's energy and time in the year.

By the end of 2019 the renovation of the main building St Antony's Priory was complete. It has attracted many very positive comments and provides the Charity with an excellent building for spiritual direction, events, education and training. It is already proving to be a welcome resource for the local community. The Library is a wonderful new space and the meeting rooms and office space are vastly improved. Next, we will take on the building work at "72" to make it a suitable home for the new resident community. The chapel is now in frequent use for daily offices and regular celebrations of the eucharist. There is a Sung Eucharist every Sunday and the major festivals are being celebrated with distinctive liturgy and, often, with musicians providing beautiful sounds to resonate with the dignified liturgy and quiet of the chapel.

The Cottage has had a facelift and is being used now solely as a venue for those on retreat.

The estate at Willen has proved time-consuming to rationalise. Disposing of a property brought opposition from local residents but in the end a property was sold, and local fears calmed. Negotiations have dragged on with Willen Hospice and at times these seemed endless. However, progress has been made and a lease should be signed in April 2020 for a temporary occupation by the Hospice. Talks are beginning about the future of the site and the extent to which SSM may be a partner in the future use of this place.

The library from Willen has been put into storage and we are waiting for a concrete proposal for a new home for it. Until the right home is found the Library will be stored safely.

Towards the end of the year three new Board members joined us. They bring a wealth of experience and they all have long prior connections with SSM. It is a joy to have such able new members to help share the load. We are working together on finding the best ways of working as a Board as well as providing the best structure for the day to day operations of the charity. A comprehensive review of governance and policies is under way.

SSM Europe is a trustee of SSM Southern Africa. We have been concerned for some time about this relationship and in 2020 will undertake a full governance review of both charities and their relationship.

The trustees look after the grant-making arm of SSM – both the KTC Fund and other grants from the General Fund. We are clarifying the grants criteria and improving processes. The Fund has not distributed as much as it could, and we are exploring new partnerships.

Fr Robert Stretton continues to be a much loved and much valued colleague at St John the Divine Kennington.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Achievements and performance and review of activities (continued)**

2020 will be another exciting year. We aim to launch the Community at St Antony's with the first few members as we discern the way forward. We will continue to grow the offering at St Antony's, we hope to have a tenant in Willen soon and we are talking to potential partners about how we can work together. At the time of writing we are in conversation with St John the Divine, Kennington, Kelham Church, The Community of the Resurrection and other potential partners. The way forward lies in being a charity committed to its charitable aims, realistic about the future of Religious Life in England and willing, equipped with a new and strong Board, to develop projects and activities on our own and in partnerships. Reviews of the order and of the charity will help make us fit for purpose.

The Board firmly believes that it is now more focussed than ever on its charitable aims and is moving towards best ways of working as a Board supporting a charity.

At the time of writing there is significant doubt over the impact of the Covid19 pandemic. This has already had an impact on our investments and our operations. The newly established Standing Committee has agreed to pause before taking action on this but is very aware of the need to take the right action at the right time. Please see additional information in notes 29 and 15.

The Trustees are absolutely committed to the welfare of our professed members and to the aims of the Charity. In deeply uncertain times we are blessed to have such willing and able trustees and to have the prayers of St Michael.

Since the Balance sheet date, the premises at Willen have been let. The premises in Durham have been substantially renovated and the activities there are being geared towards the original aims of the Society. The start of these new activities has to a small extent been delayed but no significant effects of the Corona virus have been felt. The values of the Society's investments have suffered as a result of the downturn caused by the virus but at present there is not considered to be any concern regarding the ability of the Society to continue its operations. Currently cash resources are sufficient for operational needs for the forthcoming year.

**Financial review**

**Results for the year**

Income for the year was £473,864 (2018: £776,711).

Expenditure for the year was £661,154 (2018: £900,414).

Net expenditure before investment gains was £187,290 (2018: net expenditure £123,703).

Investment gains for the year were £3,557,261 (2018: losses of £523,081) including a one off investment property revaluation of £2,454,359, accounting for the overall increase in funds during the year of £3,369,971 from £10,346,341 (2018) to £13,716,312.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial review (continued)**

**Reserves policy**

The Society's reserves policy focuses on the level of 'free reserves'. Free reserves exclude restricted funds, designated funds and the net book value of the Society's tangible fixed assets and investment property. At the year-end free reserves amounted to £1,798,167.

The Society seeks to maintain sufficient free reserves to manage the risks to which the charity is exposed in the course of its business, including, but not limited to, safeguarding against volatile income.

The Province has five members, all of whom are over sixty-five years of age. Members have spent their lives fulfilling the charitable aims and activities of the Society and all continue that work in one way or another. Members must remit their earnings to the Society which is committed to supporting them.

For its part the Society has currently designated £4m to the 'Care of the Elderly' recognising the obligation and intention of the trustees towards the care and support of its aging Members. This sum is currently considered to be substantially in excess of what may be required and will be reviewed by the Trustees during 2020.

The remaining balance of unrestricted reserves £6,152,463 (2018 £3,244,300) has significantly increased during the year resulting from a combination of investment gains and a revaluation of property assets. These reserves are considered by the Trustees to be more than adequate to meet future additional designations in addition to providing substantial capital grants in support of projects consistent with the Society's aims and objectives.

**Principal funding**

The principal funding streams are derived from the donations of income from the professed members and investment income from the investment portfolios held.

**Material investments policy**

The Society operates an actively managed investment portfolio of equities and bonds which has been reviewed during the year to provide a greater emphasis on income generation rather than capital growth. The Society seeks to avoid direct investment in military-related and tobacco-related holdings and concentrate upon ethical securities.

The Society's primary investments were managed by Rathbones during the year with some short-term cash deposits also held.

**Structure, governance and management**

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Structure, governance and management (continued)**

**Constitution**

The Society of the Sacred Mission (Europe) is a religious community of the Anglican Church founded in 1893. It consists of members who have made either a profession of life intention, or a commitment to dedicate a period of their lives to the society, together with others, who have a commitment to the aims and work of the Society.

The Society is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 24 October 2003. On 1 January 2004 the assets, liabilities and undertakings of two charitable trusts - the Society of the Sacred Mission and the Kelham Theological College Fund were transferred to the company.

**Methods of appointment or election of Trustees**

Trustees are sought according to relevant skills and experience appropriate to the needs of the Society and are elected by members at the Annual General Meeting or appointed by the Trustee Board in between Annual General Meetings. The directors need not be members.

**Policies adopted for the induction and training of Trustees**

Trustees are encouraged to attend training courses connected with charity governance. Bespoke training is provided by the charity's advisors on an ad hoc basis.

**Pay policy for key management personnel**

The remuneration of management and support personnel is determined by the trustees and is based on regular appraisals and salary benchmarking.

**Organisational structure and decision-making policies**

The Board of Trustees meets regularly to oversee the charity's strategy, finance, and legal obligations. The Trustees have also approved the creation of a Standing Committee with limited delegated powers of decision making between full Board meetings..

Decisions about structure, functioning and work of the Province are made by the Trustees and members of the company, who include professed Members of the Society. The trustees have final authority over financial matters.



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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Structure, governance and management (continued)**

**Related party relationships**

In February 2017, the Society became the sole trustee of The Society of the Sacred Mission (Southern Africa), a charitable company. It remains as a corporate trustee but is no longer the sole trustee.

The close relationship continues between the two entities but for the purposes of financial reporting the financial statements reflect the activity of the Society of the Sacred Mission (Europe) as an individual entity and not as a group.

There is currently a review of governance of The Society of the Sacred Mission (Southern Africa) taking place with which the SSM Europe is fully engaged. SSM Europe's role as trustee is temporary while the future of SSM SA is determined with which the SSM is engaged.

**Financial risk management**

The Trustees have assessed the major risks to which the Society is exposed, in particular those related to the operations and finances of the Society, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The major risks for the Society are considered to be:

**Investments:** the trustees have appointed investment advisors who handle the charity's portfolio. In the light of that, the main risk lies with the state of the market from time to time, over which the trustees have no control. Regular meetings are held with the Audit and Investment Committee to assess changes to the portfolio.

**Risk is lessened and managed by holding a balanced portfolio in accordance with the provisions of the Trustee Act 2000, together with a property portfolio.**

**Financial:** The Society has few cash transactions thus the risk of cash fraud is minimal. All expenditure is subject to dual authorisation procedures in accordance with Charity Commission guidelines. The charity has appointed a finance sub-group to manage the day to day financial management and steps are being taken to enhance financial systems and processes. A review of the use of the charity's assets is ongoing with a view to improving income to support mission.

**Legal:** The Society has appointed solicitors to advise on issues facing the charity from time to time.

**Operational and reputational:** A review of the Society as a recognised Religious Order within the Church of England has taken place during the year and its recommendations are awaited. An additional review of the Society's internal governance and compliance procedures has also been commissioned. This is to ensure that the Society's activities are consistent with its charitable purposes in addition to meeting its core aims and objectives.

The charity is building a reputation as a House for prayer, retreats and reflection in a structured community for those wishing to consider their future vocation.

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Plans for future periods**

Redevelopment of St Antony's Priory Durham commenced in 2019 will be completed in 2020 aiming to establish a religious community with improved library and meeting room facilities available for study and contemplative reflection.

**Information on fundraising practices**

The Society does not actively solicit donations from the public at large. Professed Members donate their earnings in accordance with the principles of the Society.

The Society does not work with professional fundraisers or feel it necessary to follow a Fundraising Code Practice.

**Statement of Trustees' responsibilities**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**Auditors**

The auditors, MHA MacIntyre Hudson, have indicated their willingness to continue in office.

Approved by order of the members of the board of Trustees and signed on their behalf by:



**Mr Stephen Hogg**  
Chair of Trustees

Date: 28 May 2020

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOCIETY OF THE SACRED MISSION (EUROPE)**

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**Opinion**

We have audited the financial statements of Society of the Sacred Mission (Europe) (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOCIETY OF THE SACRED MISSION (EUROPE) (CONTINUED)**

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**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

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## **SOCIETY OF THE SACRED MISSION (EUROPE)**

**(A company limited by guarantee)**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOCIETY OF THE SACRED MISSION (EUROPE) (CONTINUED)**

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#### **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' 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 Auditors' 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 Auditors' report.

#### **Use of our report**

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an Auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

*MHA MacIntyre Hudson*

**Helen Blundell LLB FCA FCIE DChA (Senior statutory auditor)**

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants

Statutory Auditors

Rutland House

148 Edmund Street

Birmingham

B3 2FD

Date: *2 June 2020*

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>					
Donations and legacies	4	-	117,922	117,922	278,211
Charitable activities	5	-	22,608	22,608	61,766
Other trading activities	6	-	10,784	10,784	45,800
Investments	7	104,862	193,909	298,771	361,743
Other income	8	-	23,779	23,779	29,191
<b>Total income</b>		<b>104,862</b>	<b>369,002</b>	<b>473,864</b>	<b>776,711</b>
<b>Expenditure on:</b>					
Raising funds		16,630	49,028	65,658	108,211
Charitable activities	9	35,457	560,039	595,496	792,203
<b>Total expenditure</b>		<b>52,087</b>	<b>609,067</b>	<b>661,154</b>	<b>900,414</b>
Net gains on investments	14,15	409,033	3,148,228	3,557,261	(523,081)
<b>Net movement in funds</b>	21	<b>461,808</b>	<b>2,908,163</b>	<b>3,369,971</b>	<b>(646,784)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	21	3,102,041	7,244,300	10,346,341	10,993,125
Net movement in funds	21	461,808	2,908,163	3,369,971	(646,784)
<b>Total funds carried forward</b>	21	<b>3,563,849</b>	<b>10,152,463</b>	<b>13,716,312</b>	<b>10,346,341</b>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 37 form part of these financial statements.

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**REGISTERED NUMBER: 04943183**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	1,329,294	1,634,417
Investments	15	9,062,844	7,472,168
Social investments	16	-	294,735
Investment property	14	3,025,002	950,682
		<b>13,417,140</b>	<b>10,352,002</b>
<b>Current assets</b>			
Debtors	17	10,371	4,119
Cash at bank and in hand		379,374	78,349
		<b>389,745</b>	<b>82,468</b>
Creditors: amounts falling due within one year	18	(84,573)	(47,460)
<b>Net current assets</b>		<b>305,172</b>	<b>35,008</b>
<b>Total assets less current liabilities</b>		<b>13,722,312</b>	<b>10,387,010</b>
Creditors: amounts falling due after more than one year	19	-	(21,669)
<b>Net assets excluding pension liability</b>		<b>13,722,312</b>	<b>10,365,341</b>
Defined benefit pension scheme liability	26	(6,000)	(19,000)
<b>Total net assets</b>		<b>13,716,312</b>	<b>10,346,341</b>
<b>Charity funds</b>			
Restricted funds	21	3,563,849	3,102,041
Unrestricted funds	21	10,152,463	7,244,300
<b>Total funds</b>		<b>13,716,312</b>	<b>10,346,341</b>



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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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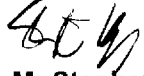
**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

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The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



**Mr Stephen Hogg**

Chair of Trustees

Date: 28 May 2020

The notes on pages 17 to 37 form part of these financial statements.

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<i>As restated</i>
	<b>£</b>	<b>2018</b>
		<b>£</b>
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	<b>(429,380)</b>	<b>(414,602)</b>
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	<b>298,771</b>	<b>361,743</b>
Proceeds from the sale of investment property	<b>954,523</b>	<b>-</b>
Purchase of tangible fixed assets	<b>(325,994)</b>	<b>(158,007)</b>
Proceeds from sale of investments	<b>2,845,716</b>	<b>1,813,517</b>
Purchase of investments	<b>(2,844,475)</b>	<b>(1,375,142)</b>
<b>Net cash provided by investing activities</b>	<b>928,541</b>	<b>642,111</b>
<b>Cash flows from financing activities</b>		
Grant of loan	<b>-</b>	<b>(600,000)</b>
Repayment of loan	<b>294,735</b>	<b>305,265</b>
New finance leases	<b>-</b>	<b>21,683</b>
Repayments of finance leases	<b>(17,913)</b>	<b>(10,538)</b>
<b>Net cash provided by/(used in) financing activities</b>	<b>276,822</b>	<b>(283,590)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>775,983</b>	<b>(56,081)</b>
Cash and cash equivalents at the beginning of the year	<b>218,041</b>	<b>274,122</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>994,024</b>	<b>218,041</b>

The notes on pages 17 to 37 form part of these financial statements

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. General information**

The Society of the Sacred Mission (Europe) is a charity registered in England and Wales with the Charity Commission and is a company limited by guarantee.

The Charity's registered office is St Antony's Priory, 74 Claypath, Durham DH1 1QT. Its principal activity is set out in the Trustees' Report and relates to Christian ministry.

The financial statements are presented in the charity's functional currency of sterling and rounded to the nearest £1.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Society of the Sacred Mission (Europe) 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.

**2.2 Going concern**

The financial statements have been prepared on a going concern basis. The directors have considered budgets, cash flows and the impact of subsequent events, including that of COVID19. Whilst the economic shutdown in response to COVID19 has a significant impact on the charity's operations, the directors are satisfied that the charity has sufficient available resources, both in terms of cash and investments that can be converted to cash, such that there is no material uncertainty and the going concern basis of preparing the financial statements continues to be appropriate.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.3 Income**

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Company, can be reliably measured.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations are recognised on receipt.

Investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**2.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

Expenditure on raising funds includes those incurred in managing the investments of the company. Support costs are those incurred directly in support of expenditure on the objects of the charity.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

**2.5 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets and depreciation**

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Motor vehicles	-	25% straight line
Equipment and furnishings	-	20% straight line
Building improvements	-	10% straight line

**2.7 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Listed investments are stated at fair value, being market value at the balance sheet date.

Investment properties are measured at their fair value at the balance sheet date based on an assessment by the trustees of the market value with reference to valuations and the current property market.

Programme related loans in the form of investments are stated at cost less any repayments and impairment.

**2.8 Debtors**

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

**2.9 Cash at bank and in hand**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.10 Liabilities**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation.

**2.11 Financial instruments**

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

**2.12 Finance leases and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.13 Pensions**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

The Company is a member of a defined benefits pension scheme. The scheme is a multi-employer plan where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employees. Therefore, as required by FRS102, the company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of financial activities incorporating income and expenditure account represents contributions payable to the scheme in respect of the accounting period. Deficit recovery contributions are accounted for as the plan is agreed and discounted.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.14 Fund accounting**

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

**3. Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

Valuation of listed investments where valuations can be subject to variations arising from external factors which can impact on the future actual results.

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 14 for the carrying amount of fixed assets, and note 2.6 for the useful economic lives for each class of assets.

Critical areas of judgement:

Valuation of investment properties where the trustees have considered the information available to them and made a judgement accordingly.

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**4. Income from donations and legacies**

	<b>Restricted funds 2019 £</b>	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Donations	-	108,008	<b>108,008</b>	145,228
Legacies	-	9,914	<b>9,914</b>	122,933
Grants	-	-	-	10,050
	<u>-</u>	<u>117,922</u>	<u><b>117,922</b></u>	<u>278,211</u>
<i>Total 2018</i>	<u>10,055</u>	<u>268,156</u>	<u>278,211</u>	

Restricted income in 2018 comprised grants of £10,050 and donations of £5.

**5. Income from charitable activities**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Income from guests and residents	<u>22,608</u>	<u><b>22,608</b></u>	<u>61,766</u>

All income in 2018 was unrestricted.

**6. Income from other trading activities**

**Income from non charitable trading activities**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Room hire	<u>10,784</u>	<u><b>10,784</b></u>	<u>45,800</u>

All income in 2018 was unrestricted.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. Investment income**

	<b>Restricted funds 2019 £</b>	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>
Income on investment properties	-	17,757	<b>17,757</b>
Dividend income	104,857	171,747	<b>276,604</b>
Bank interest	5	632	<b>637</b>
Loan interest receivable	-	3,773	<b>3,773</b>
<b>Total 2019</b>	<b>104,862</b>	<b>193,909</b>	<b>298,771</b>

	<i>Restricted funds 2018 £</i>	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Income on investment properties	-	58,854	58,854
Dividend income	106,314	176,072	282,386
Bank interest	33	77	110
Loan interest receivable	-	20,393	20,393
<i>Total 2018</i>	<i>106,347</i>	<i>255,396</i>	<i>361,743</i>

**8. Other incoming resources**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Royalties	223	<b>223</b>	326
Merchandising income	5	<b>5</b>	1,556
Sundry income	767	<b>767</b>	7,230
Insurance settlements	22,784	<b>22,784</b>	20,079
<b>Total 2019</b>	<b>23,779</b>	<b>23,779</b>	29,191

All income in 2018 was unrestricted.

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Analysis of charitable expenditure by activities**

	<b>Activities undertaken directly 2019 £</b>	<b>Grant funding of activities 2019 £</b>	<b>Support costs 2019 £</b>	<b>Total funds 2019 £</b>
Charitable expenditure	502,862	42,957	49,677	<b>595,496</b>

	<i>Activities undertaken directly 2018 £</i>	<i>Grant funding of activities 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Charitable expenditure	702,924	43,321	45,958	792,203

**Analysis of direct costs**

	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Staff costs	<b>163,090</b>	203,316
Depreciation	<b>60,475</b>	45,225
Community costs	<b>266,975</b>	423,914
Travel and transport	<b>2,411</b>	7,277
Furniture and equipment	-	144
Chapter	<b>988</b>	7,418
Publicity	<b>2,782</b>	2,900
Administration	<b>9,984</b>	12,730
Profit on disposal of fixed assets	<b>(3,843)</b>	-
	<b>502,862</b>	702,924

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**9. Analysis of charitable expenditure by activities (continued)**

**Analysis of support costs**

	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Trustees' expenses	<b>5,460</b>	1,122
Bank charges	<b>1,727</b>	2,123
Auditor's remuneration	<b>16,151</b>	18,445
Legal and professional	<b>24,870</b>	23,390
Interest on finance leases	<b>1,469</b>	878
	<b>49,677</b>	<b>45,958</b>

**10. Auditors' remuneration**

The auditors' remuneration amounts to an auditor fee of £11,730 (2018 - £11,995), and internal control review of £ - (2018 - £6,450).

**11. Staff costs**

	<b>2019 £</b>	<b>2018 £</b>
Wages and salaries	<b>158,401</b>	166,572
Social security costs	<b>5,489</b>	8,546
Contribution to defined contribution pension schemes	<b>(800)</b>	28,198
	<b>163,090</b>	<b>203,316</b>

The average number of persons employed by the Company during the year was as follows:

<b>2019 No.</b>	<b>2018 No.</b>
<b>7</b>	<b>7</b>

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**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**11. Staff costs (continued)**

No employee received remuneration amounting to more than £60,000 in either year.

Included within other pension costs for 2019 is the reduction to the balance sheet liability of £13,000 (2018: increase £19,000) in respect of the adjustment to notified deficit recovery contributions.

Key management personnel comprise the trustees of the society, none of whom are remunerated.

**12. Trustees' remuneration and expenses**

Some of the trustees are professed members of the Society. They donate their earnings to the Society and have their living expenses borne by the Society.

During the year, Br Anthony Purvis resigned as a trustee and as a professed member of the Society. On his departure the motor vehicle which he had use of and which had a nil net book value in the financial statements was transferred to him.

The trustees received no remuneration or other benefits in connection with their duties as trustees.

During the year expenses of £5,460 was reimbursed to 4 trustees in respect of travel and subsistence costs (2018 £1,122 to 2 trustees).

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Tangible fixed assets**

	Freehold property £	Motor vehicles £	Equipment and furnishings £	Building improve- ments £	Total £
<b>Cost or valuation</b>					
At 1 January 2019	2,019,420	52,128	-	35,977	2,107,525
Additions	-	-	17,184	308,810	325,994
Disposals	-	(6,750)	-	-	(6,750)
Transfers between classes	(888,247)	-	-	-	(888,247)
At 31 December 2019	1,131,173	45,378	17,184	344,787	1,538,522
<b>Depreciation</b>					
At 1 January 2019	441,118	18,798	-	13,192	473,108
Charge for the year	34,122	11,345	1,461	13,548	60,476
On disposals	-	(6,750)	-	-	(6,750)
Transfers between classes	(317,606)	-	-	-	(317,606)
At 31 December 2019	157,634	23,393	1,461	26,740	209,228
<b>Net book value</b>					
At 31 December 2019	973,539	21,985	15,723	318,047	1,329,294
At 31 December 2018	1,578,302	33,330	-	22,785	1,634,417

During the year a decision was made to cease to use the Willen site for charitable purposes and instead hold it for investment purposes. The freehold was therefore transferred from fixed assets to investment property.

Included in land and buildings is freehold land at a cost of £113,334 (£359,000) which is not depreciated.

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 January 2019	950,682
Disposals	(950,680)
Surplus on revaluation	2,454,359
Transfers between classes	570,641
At 31 December 2019	<u><u>3,025,002</u></u>

The 2019 valuations were made by the trustees, based on RICS valuations provided to them by valuers during the course of 2019.

**15. Fixed asset investments**

	<b>Listed investments £</b>	<b>Cash held with investment manager £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2019	8,876,592	139,692	9,016,284
Additions	2,844,475	-	2,844,475
Disposals	(2,845,716)	-	(2,845,716)
Revaluations	1,318,524	-	1,318,524
Net cash movements	-	474,958	474,958
Amounts held for SSM(SA)	(1,745,681)	-	(1,745,681)
<b>At 31 December 2019</b>	<u><u>8,448,194</u></u>	<u><u>614,650</u></u>	<u><u>9,062,844</u></u>

The charity holds within its portfolio of investments, investments on behalf of The Society of the Sacred Mission (South Africa). The investments are held within a single portfolio managed by the investment managers in accordance with the agreed investment policy. The movements shown in the note above relate to the portfolio as a whole with the net amount held on behalf of the Society of the Sacred Mission (South Africa) at 31 December 2019 deducted.

A disclosed in note 29, the impact of the COVID-19 emergency has had a significant impact on the values of listed investments and the charity recognises that the fair value at the date of sign off is substantially lower than disclosed above.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. Programme related investments**

	Programme related investments £	Total £
<b>Valuation</b>		
At 1 January 2019	294,735	294,735
Repayment of loan	(294,735)	(294,735)
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>
At 31 December 2018	294,735	294,735

Social investments comprise:

**Programme related investments**

Loan to the Society of the Sacred Mission (Australia) of £294,735 for 2018, this was fully repaid in 2019.

**17. Debtors**

	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	4,109	3,119
Other debtors	100	1,000
Prepayments and accrued income	6,162	-
	<b>10,371</b>	<b>4,119</b>

**18. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	3,003	2,883
Other taxation and social security	1,676	-
Obligations under finance lease and hire purchase contracts	10,662	6,906
Other creditors	10,351	15,289
Accruals and deferred income	58,881	22,382

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**18. Creditors: Amounts falling due within one year (continued)**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
	<b>84,573</b>	<b>47,460</b>
	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Resources deferred during the year	<b>12,069</b>	<b>-</b>

Deferred income relates to rental and spiritual direction course income relating to the year ended 31 December 2020.

Obligations under finance lease and hire purchase contracts shown as falling due within one year and after one year are secured on motor vehicles within fixed assets.

**19. Creditors: Amounts falling due after more than one year**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Net obligations under finance lease and hire purchase contracts	<b>-</b>	<b>21,669</b>

**20. Financial instruments**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Financial assets</b>		
Financial assets measured at fair value through income and expenditure	<b>12,087,846</b>	<b>7,771,022</b>

Financial assets measured at fair value through income and expenditure comprise investments.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**21. Statement of funds**

**Statement of funds - current year**

	Balance at 1 January 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2019 £
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Care of the elderly	4,000,000	-	-	-	4,000,000
<b>General funds</b>					
General Funds	3,244,300	369,002	(609,067)	3,148,228	6,152,463
<b>Total Unrestricted funds</b>	<b>7,244,300</b>	<b>369,002</b>	<b>(609,067)</b>	<b>3,148,228</b>	<b>10,152,463</b>
<b>Restricted funds</b>					
Kelham College fund	3,079,962	104,862	(52,087)	409,033	3,541,770
Durham fund	22,079	-	-	-	22,079
	<b>3,102,041</b>	<b>104,862</b>	<b>(52,087)</b>	<b>409,033</b>	<b>3,563,849</b>
<b>Total of funds</b>	<b>10,346,341</b>	<b>473,864</b>	<b>(661,154)</b>	<b>3,557,261</b>	<b>13,716,312</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**21. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>As restated Balance at 1 January 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2018 £</i>
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Care of the elderly	4,000,000	-	-	-	4,000,000
<b>General funds</b>					
General Funds	3,954,886	660,309	(847,814)	(523,081)	3,244,300
<b>Total Unrestricted funds</b>	7,954,886	660,309	(847,814)	(523,081)	7,244,300
<b>Restricted funds</b>					
Kelham College fund	3,026,210	106,352	(52,600)	-	3,079,962
Durham fund	12,029	10,050	-	-	22,079
	3,038,239	116,402	(52,600)	-	3,102,041
<b>Total of funds</b>	10,993,125	776,711	(900,414)	(523,081)	10,346,341

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**21. Statement of funds (continued)**

**Designated funds**

**Care of the elderly**

A fund has been designated to provide for the charity's commitment for the care of the aged and sick Society's Professed members in their retirement. The level of funds required is currently set at £4m, but will be reviewed on an annual basis.

**Restricted funds**

**Kelham College Fund**

The Kelham College fund arises from a transfer from the Kelham Theological College Fund on 1 January 2004. The fund is used for the training of persons intending to take Holy Orders in the Church of England or any Church in communion with it, the training for mission of members of the Church of England or any church in communion with it and the training or education of persons working for the extension of Christ's Kingdom in any way connected with the Church of England or any Church in communion with it. The transfers from this fund represent grants awarded from the fund to be used for the work in other areas of the Society's work and would otherwise represent grant expenditure and income if not for the transfer to this organisation.

**Durham Fund**

This represents grant income received to fund recovery days at St Anthony's Priory, Durham.

**22. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Restricted funds 2019 £</b>	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>
Tangible fixed assets	-	1,329,294	<b>1,329,294</b>
Fixed asset investments	3,285,900	5,776,944	<b>9,062,844</b>
Investment property	-	3,025,002	<b>3,025,002</b>
Current assets	277,949	111,796	<b>389,745</b>
Creditors due within one year	-	(84,573)	<b>(84,573)</b>
Provisions for liabilities and charges	-	(6,000)	<b>(6,000)</b>
<b>Total</b>	<b>3,563,849</b>	<b>10,152,463</b>	<b>13,716,312</b>

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**22. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Restricted funds 2018 £</i>	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	1,634,417	1,634,417
Fixed asset investments	2,829,404	4,642,764	7,472,168
Investment property	-	950,682	950,682
Social investments	-	294,735	294,735
Current assets	272,637	(190,169)	82,468
Creditors due within one year	-	(47,460)	(47,460)
Creditors due in more than one year	-	(21,669)	(21,669)
Provisions for liabilities and charges	-	(19,000)	(19,000)
<b>Total</b>	<b>3,102,041</b>	<b>7,244,300</b>	<b>10,346,341</b>

**23. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2019 £</b>	<i>As restated 2018 £</i>
Net income for the year (as per Statement of Financial Activities)	<b>3,369,971</b>	(646,784)
<b>Adjustments for:</b>		
Depreciation charges	<b>60,475</b>	45,225
(Gains)/losses on investments	<b>(3,557,261)</b>	521,893
Dividends, interests and rents from investments	<b>(298,771)</b>	(361,743)
Profit on the sale of fixed assets	<b>(3,843)</b>	-
Increase in debtors	<b>(6,252)</b>	(1,121)
Increase in creditors	<b>33,357</b>	8,928
Provision for defined pension scheme liability	<b>(13,000)</b>	19,000
Movement in SSM (SA) investments - not in SOFA	<b>(14,056)</b>	-
<b>Net cash used in operating activities</b>	<b>(429,380)</b>	(414,602)

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**24. Analysis of cash and cash equivalents**

	2019 £	<i>As restated</i> 2018 £
Cash in hand	379,374	78,349
Cash held with investment manager	614,650	139,692
<b>Total cash and cash equivalents</b>	<b>994,024</b>	<b>218,041</b>

**25. Analysis of Net Debt**

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	78,349	301,025	379,374
Cash equivalents	139,692	474,958	614,650
Finance leases	(28,575)	17,913	(10,662)
	<b>189,466</b>	<b>793,896</b>	<b>983,362</b>

**26. Pension commitments**

Society of the Sacred Mission (Europe) participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2019: £6,640, 2018: £789), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total credit of £3,360 for 2019 (2018: £1,789).

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**26. Pension commitments (continued)**

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter<sup>7</sup> of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2018 is set out in the table below.

	2019	2018
Balance sheet liability at 1 January	19,000	-
Deficit contribution paid	(3,000)	(1,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	(10,000)	20,000
Balance sheet liability at 31 December	6,000	19,000

\* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

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**26. Pension commitments (continued)**

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

The legal structure of the scheme is such that if another Responsible Body fails, Society of the Sacred Mission (Europe) could become responsible for paying a share of that Responsible Body's pension liabilities.

**27. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**28. Related party transactions**

During the year a grant was awarded to the Society of the Sacred Mission (Southern Africa) of £Nil (2018: £16,379). The balance included in creditors is £10,351 (2018: £15,289).

The Society is a corporate trustee of the above charity and holds the investments within its investment portfolio on behalf of the charity. Further details are given in note 15.

Trustees' remuneration and expenses are disclosed in note 12.

**29. Post balance sheet events**

Subsequent to the year end the global outbreak of the COVID19 pandemic has created a number of uncertainties in the wider environment but impact the charity in its operations and the valuation of certain assets, in particular the listed investment portfolio. This is a non-adjusting post balance sheet event.

The fair value of the investment portfolio has fallen by approximately 19% since the year end. It is not possible to determine what the impact will be on the investment return in the short to medium term.

The charity has a strong cash reserve and fixed assets base. The investment policy is to hold investments with an emphasis on income generation rather than capital growth with the portfolio being held as a long term asset subject to any need to convert to cash to meet requirements arising from COVID19.

