

Company Registration  
Charity Registration : England  
Scotland

No 611250  
No 219763  
No SCO 40432

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Financial statements for the year ended  
30 September 2016

## SIM International (UK)

(A charitable company limited by  
guarantee and not having a share capital)



## **Charitable company information**

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**Registered office**

Wetheringsett Manor  
Wetheringsett  
Stowmarket  
Suffolk  
IP14 5QX

**Directors**

Mrs. G. Phillips	(Chair)
Rev. A.J. Hornal	(Deputy Chair)
Dr. T. Cudmore	
Mr P. Shelley	
Mrs M. Gillies	
Mr D.M. Heasman	
Mr S.P. Smith	
Miss A. Lijcklama à Nijeholt	
Mr N.R.J. Younge	

**Company Secretary**

Mr J R Niblett

**Bankers**

Barclays Bank PLC  
543 Norwood Road  
West Norwood  
London SE27 9DW

CAF Bank  
Kings Hill  
West Malling  
Kent ME19 4TA

**Solicitors**

Lewis & Dick  
443 Kingston Road  
Ewell  
Surrey KT19 0DG

**Auditor**

Mazars LLP  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes MK9 1FF

# SIM International (UK)

For the year ended 30 September 2016



## Directors' report

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Registered Company number 611250

Registered Charity number England 219763

Registered Charity number Scotland SCO 40432

The directors who are also trustees have pleasure in presenting their report and the financial statements for the year ended 30 September 2016.

### Governing instrument

The governing instrument for the charitable company ("the charity") is its Memorandum and Articles of Association. The charity is a company incorporated on 15 September 1958 limited by guarantee and not having share capital. The charitable company was originally incorporated as *Sudan Interior Mission (United Kingdom) Limited*. Subsequent mergers with *Andes Evangelical Mission* extended the work to South America in 1982 and with *International Christian Fellowship* in 1989 added fields in Asia and on 1 October 1998, the merger with *Africa Evangelical Fellowship (SAGM)* extended the work further into Southern Africa.

The objects of the charity are summarised:

To send missionaries where there is no gospel witness as we are convinced that no one should live and die without hearing God's good news. We encourage mission interest in the UK church; training and sending missionaries to make disciples of Jesus Christ in communities where he is least known and to establish churches in Africa, Asia and South America.

### Directors

The following were directors for the whole of the period from 1 October 2015 to the date of this report unless otherwise stated:

Dr. T. Cudmore	
Mr. J Dyer	
Rev. M. Hider	(resigned 15 <sup>th</sup> April 2016)
Rev. A.J. Hornal	Deputy Chair
Mr D.M. Heasman	
Mrs M. Gillies	
Mrs. G. Phillips	Chair
Mr P. Shelley	
Mr S.P. Smith	
Mr. N.R.J. Younge	
Miss A. Lijcklama à Nijeholt	(appointed 15 <sup>th</sup> April 2016)

A new director, on appointment, receives a full briefing on the charity, its governance, its objects and how these are to be achieved through its vision and purpose.

Directors normally serve for a period of three years and may then be re-elected. The board, which consists of the directors, is entitled to nominate and appoint new directors.

The directors also act as trustees for the charitable activities of SIM International (UK) ("SIM UK") which is the UK arm of SIM, the global missionary agency ("SIM"). "Serving In Mission" is a working name of SIM International UK.



## **SIM International (UK)**

**For the year ended 30 September 2016**

### **Directors' report (continued)**

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The board uses sub-committees to govern the operations of the charity and on which appropriately qualified individuals serve, as follows:

**Finance and Legal Committee**

Mr P Shelley (Chair)  
Mr P F Bosson  
Mr M Larson  
Miss K Dryer

**People Committee**

Mr T Cudmore (Co-Chair)  
Rev M Hider (Co-Chair)  
Rev Harald Holmgren  
Mr J Nurse  
Mrs M Gillies

Serving In Mission uses volunteers to assist the directors and mobilisers to fulfil their roles more effectively. Five regional support groups assist and support regional mobilisers.

#### **Statement of Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the balance sheet date and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping adequate accounting records which 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts comply with statutory requirements under Company law as stated above and also the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in January 2015, the Charities (Accounts and Reports) Regulations and the Charities Act 2011.

#### **Risk management**

The directors have identified the severity of the risks to which the charity is exposed. They have also considered the likelihood of those risks. The steps taken to mitigate those risks have been assessed in the light of both the severity and the likelihood of each risk. Risks have been grouped into the following categories:

Governance, Operational, Personnel, Financial, Reputational, External and Health & Hygiene. The register of risks was reviewed by Trustees.



## **SIM International (UK)**

**For the year ended 30 September 2016**

### **Directors' report (continued)**

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The specific risks which were identified as severe and possible over the next five years were:

- Structural or fire damage to the office building;
- External financial scams and fraud;
- Stewardship strategy fails to address operational deficit; and
- Unintentional illegal acts including charity law and employment law.

Appropriate courses of action were agreed for each of these to mitigate against the risks.

#### **Principal activity and vision statement**

The principal activity of the charity is to develop and encourage interest in Christian Missions and, with churches, to train and send missionaries to and from Europe, Africa, South America and Asia as expressed in the following Vision Statement:

We work hand-in-hand with evangelical churches to send and receive gospel workers equipped for cross-cultural mission wherever people live and die without hearing God's good news.

#### **We seek to achieve the vision by:**

- developing and promoting opportunities for churches to send and receive cross-cultural workers to places where people will otherwise live and die without hearing the good news about the Lord Jesus Christ;
- envisioning and enabling churches to prayerfully engage in God's mission to the nations through multi-cultural outreach, compassion and discipleship, both locally and globally; and
- training and supporting missionaries so that they are helped to practise integrated biblical discipleship as they proclaim the gospel and seek to live out God's word where there is no witness.

#### **Our aim**

By 2025, we aim to be an organisation of 300 mission members serving in, to and from the UK and Ireland, who grow throughout their lives in obedience to everything Jesus taught, with increasing spiritual vitality and wellbeing, mentored in personal, theological and ministry competence.

#### **Public Benefit**

The directors are aware of the Charity Commission's guidance on public benefit and, in particular, the specific guidance offered to charities for the advancement of religion. The charity's objects include advancement of religion along with the alleviation of poverty and suffering. As explained in the Review of Activities set out below, the charity has addressed a range of such public benefit purposes including:

- Enabling people to know of and live out the Gospel in fellowship with other believers and in lives of service within their communities;
- Facilitating people to learn more about the Christian faith and in the deepening of their trust in Jesus Christ;
- Providing biblical cross-cultural training for congregations and their leaders;
- Working with churches in the poorest countries of the world to alleviate suffering, injustice and human need; and
- working with churches and other partners to provide educational benefits to communities in various countries.

Through its "Immerse" and other volunteer programmes, the charity has provided a grounding to people in the knowledge of the Christian faith along with spiritual, moral and cross-cultural training and opportunities for young adults to serve overseas.

## **SIM International (UK)**

**For the year ended 30 September 2016**

### **Directors' report (continued)**

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#### **Operational Information**

There are four principal officers who manage the day to day operations of the charity:

Mr. S.P. Smith	UK Director
Mr. J.R. Niblett	Finance & Stewardship Director
Mr. B.K. Stanley	Strategic Development Director
Mrs. D.C. Agnes	Member Care & Mobilisation Director

#### **Review of Activities, Future Developments and Plans**

The charity has continued to develop its core activities throughout the year which has resulted in 20 new missionaries being sent overseas. In 2016 a total of 152 missionaries served in cross-cultural mission. At the end of the year there were 95 long term missionaries (2015: 89) and 20 on short term assignments (2015: 32) serving with Serving In Mission. The charity has continued to receive and send funding for numerous projects around the world.

On 1<sup>st</sup> October 2016, SIM merged with MECO UK & Ireland. The work of MECO transferred to the UK including long term 15 missionaries and 20 projects. The Trustees of both charities worked closely together to plan the joining together of the two organisations. We were delighted to start supporting the workers in Egypt, Lebanon, Iraqi Kurdistan and Jordan.

In Malaysia, in February 2014, the leaders of SIM working Internationally agreed a pioneering focus on those living and dying without hearing the gospel of Jesus Christ. The Board of Trustees reflected on the "Malaysia Initiative" and considered how Serving In Mission would refocus its strategy in the UK and Europe. The following five priorities were agreed in light of the Malaysia Initiative. Each of these will be further developed in the year ending 30<sup>th</sup> September 2017 and beyond:

#### **1 Multi-directional mobilisation of gospel workers to serve where the need is greatest**

In partnership with the local church, Serving In Mission will:

- recruit, train and support new short term missionaries, sent from and received into the UK ;
- mentor and support short-term missionaries to commit to serving for more than 2 years; and
- contribute to SIM teams to cross barriers with the gospel in worldwide contexts where people would otherwise live and die without the gospel.

#### **2 Churches resourced for cross-cultural gospel outreach, compassion and discipleship**

Hand-in-hand with evangelical churches and appropriate partners in every region, Serving In Mission will:

- provide biblical resources for teaching people of all ages about the church's mission to the nations;
- facilitate regional training in multi-cultural outreach, compassion and discipleship; and
- see churches send gospel workers to unreached people-groups and regions.

#### **3 Discipled workers equipped to be fruitful in gospel ministry**

As Serving In Mission works hand-in-hand with the sending church, families and individuals will:

- be equipped to thrive in loving sacrificial obedience to everything Jesus taught;
- have the personal, theological and ministry resources to effectively cross barriers to reach people who have not heard God's word about Jesus Christ; and
- be effectively supported through financial, prayer and ministry expertise networks.



## **SIM International (UK)**

**For the year ended 30 September 2016**

### **Directors' report (continued)**

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#### **4 Sacrificial prayer and generosity increased to facilitate well-stewarded gospel initiatives**

Serving In Mission will clearly communicate the resource needs of pioneering mission to the unreached with existing supporters and new donors:

- encouraging sacrificial gospel generosity to cover clearly explained costs of mission;
- supporters and donors will be promptly thanked and regularly updated about the needs of cross-cultural gospel ministry worldwide; in order that;
- unrestricted and restricted donations will increase to fund new gospel initiatives.

#### **5 Gospel partnerships developed for reaching people without a gospel witness**

Hand-in-hand with evangelical churches, organisations and institutions, Serving In Mission will:

- develop multi-cultural initiatives locally, regionally and internationally;
- provide church-focused mission support services with like-minded mission organisations; and
- build mutually-beneficial partnerships so that the church's mission is fulfilled.

#### **Fundraising Activities**

The trustees reviewed the fundraising activities in Spring 2015. By increasing the fundraising activity, we plan for the general fund to break even without reliance on legacy income before 30<sup>th</sup> September 2020. In May 2015, the charity created a Stewardship team by appointing two part-time fundraisers to work with trusts and major Donors. The "donor relationships manager" position was made full-time role at the same time.

During 2016, the charity reviewed its communications and relationships with all donors. The conclusion was to upgrade the database in September 2016. All staff received training in the use of the database. Since September 2015, supporters have been informed about the financial needs of the charity and its projects 3 times a year and have been sent 4 magazines each year. It is clearly shown on each mailing how supporters can ask to be removed from the magazine or appeal mailing list in a single step.

General Fund income from donations, but not including legacies, totalled £202,416 (2015: £166,922). This represents a year on year increase of 21%.

#### **Remuneration of key management personnel**

The Finance and Legal committee have responsibility for reviewing salary policy and salary structures. Proposed changes are recommended to the Board. Salaries are benchmarked against other UK mission agencies. The annual salaries of the key management personnel are approved by the Board.

#### **Financial results**

The results for the year show a 2% reduction in total income: £3.28m (2015: £3.35m), while the total expenditure for the year increased by 2%. The main factor for the decrease in income was the Ebola Crisis appeal for which £134k was received in 2015. This helped the SIM Liberia team to keep the ELWA hospital open throughout the Ebola crisis, and to treat hundreds of Liberians suffering from Ebola. The peak of the crisis was October 2014. The epidemic was under control in 2015 and the crisis appeal finished before the end of that financial year.

The main two reasons for the increase in expenditure were the increase in staff costs and the increase in expenditure on missionaries. The staff costs were £658k (2015: £572k) reflecting additional staff for raising funds, and for mobilisation. The restricted expenditure on missionaries increased to £1.96m (2015: £1.78m). This reflects the increase in the number of missionaries serving through the year.



## **SIM International (UK)**

**For the year ended 30 September 2016**

### **Directors' report (continued)**

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Unrestricted income for missionaries' ministry reduced significantly at £166k (2015: £262k) and the corresponding expenditure also reduced significantly £223k (2015: £328k). The ministry income and expenditure in 2015 had been unusually high due to 5 missionaries needing significant one off funds for their ministries. Expenditure on Raising Funds increased with the appointment of staff to the Stewardship team just before the start of the financial year. Expenditure on Services to Missionaries includes finance, member care, liaison with sending churches and the support required to keep missionaries thriving where they are serving. The cost was £354k (2015: £330k). Additional staff in mobilisation and health resulted in this increase.

2016 was a good year for the charity's investments. There were gains on the investments of £63k. (2015: Loss of £26k). The effect of the Brexit vote in June 2016 was a sharp increase in the FTSE 100. The charities' investment in Blackrock charity units follows the FTSE 100 index closely. The income from interest and dividends was £54k (2015: £52k).

The realisation of fixed asset investment in the year made available £80k of unrestricted funds and generated a gain on disposal of £23k.

The main financial risk remains the reliance on the growth of unrestricted donated income in response to the work of the newly formed Stewardship team. The trustees will keep a careful eye on how this income stream develops. If the General Fund deficit reduces more slowly than planned, then the operational budget may need to be reduced.

As we look to the future, we see political and economic uncertainties with the Brexit vote. Our main funding source is donations from thousands of individuals and over a hundred churches. Most of these give to support missionaries known personally to them. Our experience is that these churches and supporters remain loyal and generous in their support even during economic recession. The loss of value of the Pound has resulted in missionaries needing to raise more from UK supporters to maintain the same budgets in many other countries. This will make the cost of being a UK missionary increase. Consequently, SIM UK has not increased the monthly missionary service charges, and assists missionaries in their support raising.

On 1 October 2016, SIM International (UK) merged with MECO UK & Ireland. This brought additional net assets, staff and more missionaries and retirees.

#### **Investment policy**

The directors have approved an investment policy which seeks to balance appropriately between total returns on funds invested and an acceptable level of risk. This is achieved by allocating funds between time horizons.

Short term funds (up to a year) are invested in appropriate cash deposits. Medium term funds (one to five years) are invested in a combination of cash deposits, fixed interest instruments and equity-related instruments not exceeding 25% of the total funds invested for the medium term. Long term funds (over five years) are invested in a combination of fixed interest instruments and equity-related investments.

The directors' objective of ensuring that funds are invested in portfolios that are well-diversified and with a level of risk commensurate with that deemed appropriate, has been achieved through continuing to invest in the Charittrak Common Investment Fund, managed by Blackrock and specifically designed for charities.

## **SIM International (UK)**

**For the year ended 30 September 2016**

### **Directors' report (continued)**

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#### **Reserves policy**

The directors have agreed that sufficient reserves will be held to ensure the sustainability of the charity's strategy through the general economic cycle. Accordingly, reserves will be held to cover 100% of funds allocated to the Special Project Fund plus at least 6 months of General Fund expenditure.

The General Fund at 30 September 2016 covered 6 month of running costs at £465k. The Special Project Funds held at 30 September 2016 was deemed to be sufficient to cover the projected deficits, and reasonable contingencies for the medium term. The total unrestricted available reserves at 30<sup>th</sup> September 2016 were £905k (2015: £913k).

Endowment, Restricted and Designated funds are excluded from the reserves calculation along with the Asset Fund which is not liquid.

#### **Going Concern**

The financial statements have been prepared on a going concern basis. Forecasts and business plans have been prepared which provide comfort that SIM UK will continue to meet its objectives in the foreseeable future.

#### **Post Balance Sheet Event**

The charity completed a merger with Middle East Christian Outreach (MECO) UK & Ireland on 1 October 2016.

#### **Auditor**

The auditor, Mazars LLP, have signified their willingness to continue in office. A resolution to re-appoint them as auditor will be proposed at the forthcoming annual general meeting.

#### **Statement of disclosure to the Auditor**

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charity's auditor are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the charity's auditor are unaware.

The directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

BY ORDER OF THE BOARD



.....  
Mr. P. Shelley, Director

Wetheringsett Manor  
Wetheringsett  
Stowmarket  
Suffolk  
IP14 5QX



## **Independent auditor's report to the members of SIM International (UK)**

**For the year ended 30 September 2016**

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We have audited the financial statements of SIM International (UK) for the year ended 30 September 2016 which comprise the Statement of Financial Activities incorporating the Summary Income and Expenditure account, the Balance Sheet, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditor. 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 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 charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2016 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on the other matter prescribed by the Companies Act 2006**

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



**Independent auditor's report to the members of  
SIM International (UK) (continued)**

**For the year ended 30 September 2016**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records 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 exemption in preparing the trustees' report.

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Stephen Brown (Senior Statutory Auditor)  
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date **26 June 2017**

# Statement of financial activities (incorporating the income and expenditure account)

For the year ended 30 September 2016

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income:						
Donations and similar income	1	781,566	2,274,651	-	3,056,217	3,177,491
Legacies		55,931	38,000	-	93,931	61,836
Interest and investment income	3	45,384	8,555	-	53,939	52,375
Other incoming resources		78,331	-	-	78,331	62,215
<b>Total incoming resources</b>	<b>4</b>	<b>961,212</b>	<b>2,321,206</b>	<b>-</b>	<b>3,282,418</b>	<b>3,353,917</b>
<b>Expenditure on Raising Funds</b>	<b>6</b>	<b>122,718</b>	<b>-</b>	<b>-</b>	<b>122,718</b>	<b>73,130</b>
<b>Expenditure on Charitable activities</b>						
Missionaries	6	38,758	1,956,414	-	1,995,172	1,824,395
Projects		223,024	376,901	-	599,925	833,177
Services for Missionaries		354,454	-	-	354,454	321,343
Mobilisation		425,737	-	-	425,737	382,219
<b>Total resources expended</b>	<b>6</b>	<b>1,164,691</b>	<b>2,333,315</b>	<b>-</b>	<b>3,498,006</b>	<b>3,434,264</b>
<b>Net income / expenditure before investments gains</b>		<b>(203,479)</b>	<b>(12,109)</b>	<b>-</b>	<b>(215,588)</b>	<b>(80,347)</b>
<b>Net Gains / (losses) on investments</b>		46,297	-	16,971	63,268	(26,465)
Transfers between funds		-	-	-	-	-
Deficit on defined benefit pension scheme		-	-	-	-	-
<b>Net movement in funds</b>		<b>(157,182)</b>	<b>(12,109)</b>	<b>16,971</b>	<b>(152,320)</b>	<b>(106,812)</b>
Fund balances brought forward	19	2,996,051	933,475	207,006	4,136,532	4,243,344
<b>Fund balances carried forward</b>	<b>19</b>	<b>2,838,869</b>	<b>921,366</b>	<b>223,977</b>	<b>3,984,212</b>	<b>4,136,532</b>

The notes to the financial statements on pages 14 to 31 form part of these accounts.

## Balance sheet at 30 September 2016


Company Number: 611250

	Notes	2016		2015	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	9	610,590		690,837	
Intangible fixed assets	10	21,288		-	
Investment property	11	517,003		517,003	
Investments	12	793,135		679,874	
			1,942,016		1,887,714
<b>Current assets</b>					
Debtors	13	164,088		173,730	
Current Asset Investments	14	1,673,490		1,866,200	
Cash at bank and in hand	15	671,271		602,368	
			2,508,849		2,624,298
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	16		(398,226)		(311,392)
<b>Net current assets</b>			2,110,622		2,330,906
Creditors: Amounts falling due After one year	16		(68,427)		(82,088)
<b>Total assets less current liabilities</b>			<u>3,984,212</u>		<u>4,136,532</u>
<b>The funds of the charity:</b>					
Unrestricted income funds	18		2,709,619		2,866,801
Revaluation reserve	18		129,250		129,250
Restricted income funds	18		921,366		933,475
Endowment funds	18		223,977		207,006
	19		<u>3,984,212</u>		<u>4,136,532</u>

The notes to the financial statements on pages 14 to 31 form part of these accounts.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved and authorised for issue by the Board on 7<sup>th</sup> February 2017 and signed on its behalf by

  
.....  
Mr. P. Shelley, Director



**Statement of cash flows****For the year ended 30 September 2016**

	2016 £	2015 £
<b>Cashflows from operating activities</b>		
<b>Net incoming resources</b>	(152,320)	(106,812)
Adjustments for:		
Depreciation	3,967	4,050
(Profit) / Loss on sale of property, plant & equipment	(23,102)	-
Amortisation	7,096	-
(Gain) / loss on investments	(70,552)	25,425
Dividends and interest from investments	(53,939)	(52,375)
Decrease in Trade and other receivables	9,643	23,168
Increase in Trade and other payables	73,173	(29,516)
<b>Cash generated from operations</b>	<b>(206,034)</b>	<b>(136,060)</b>
Interest paid	-	-
Tax paid	-	-
<b>Net cash inflow (outflow) from operating activities</b>	<b>(206,034)</b>	<b>(136,060)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,720)	-
Proceeds on disposal of property, plant and equipment	103,102	-
Purchase of intangible fixed assets	(28,384)	-
Purchase of investments	-	-
Proceeds on disposal of investments	50,000	4,743
Cash placed in fixed notice accounts (>3 months notice)	(375,000)	(729,256)
Return of cash from fixed notice accounts	475,000	525,284
Interest received	53,939	52,375
<b>Net cash inflow from investing activities</b>	<b>274,937</b>	<b>(146,854)</b>
<b>Cash flows from financing activities</b>		
Capital repayment in the year	-	-
Proceeds from bank borrowings	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>68,903</b>	<b>(282,914)</b>
Cash at beginning of year	602,368	885,282
Cash at end of year	671,271	602,368
<b>Increase/decrease in cash and cash equivalents</b>	<b>68,903</b>	<b>(282,914)</b>

## **Notes to the financial statements**

### **For the year ended 30 September 2016**

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#### **1 Company status**

SIM International (UK) is a company limited by guarantee, incorporated in England and Wales. The address of its registered office and principal place of business is disclosed in the company information.

The principal activity of the charity is to develop and encourage interest in Christian Missions and, with churches, to train and send missionaries to and from Europe, Africa, South America and Asia.

The financial statements are presented in Sterling and this is the functional currency of the Charity.

#### **2 Accounting policies**

##### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission in March 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies (see note 2.14).

The financial statements for the year ended 30 September 2016 are the charity's first financial statements that comply with FRS 102; the charity's date of transition to FRS 102 is 1 October 2014. Note 24 describes the impact on reported movement in funds upon transition to FRS 102.

##### **2.2 Accounting convention**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of fixed asset investments which are included at market value.

##### **2.3 Funds**

Following the requirements of the Statement of Recommended Practice all the funds of SIM International (UK) have been analysed over the different types of funds which are:-

###### **Endowment funds**

Endowment funds are those where the capital has to be retained but the income can be spent.

###### **Restricted funds**

Restricted funds are those where the donor has imposed restrictions on how the fund may be used, but which do not prevent the fund being spent.

## **Notes to the financial statements (continued)**

### **For the year ended 30 September 2016**

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#### **2.3 Funds (continued)**

##### **Unrestricted funds**

Unrestricted funds are those which are not subject to any special restrictions and they can be used as the trustees decide. Designated funds are part of unrestricted funds and are amounts the trustees have set aside to cover particular expenditure.

##### **Transfers between Funds**

The income received on the endowment fund is transferred to the restricted fund to be used for a dental work project.

In the event that there are sufficient funds in the GAP & Short Term Associate (STA) projects, a transfer is made to the general fund in respect of the costs associated with running the GAP and STA programmes at Wetheringsett Manor.

#### **2.4 Income**

The income of the charity is credited to the Statement of Financial Activities on the following bases:

- (a) Gift aid donations, ordinary donations, dividends and income from the sale of literature and other publicity materials – amount received during the year.
- (b) Legacies - when the three criteria of entitlement, measurability and probability are met.
- (c) Tax repayments in respect of tax reclaimed on gift aid donations and investment interest – included in the year in which the related income is due.
- (d) Rents and deposit interest – on a receivable basis for the financial year.

#### **2.5 Classification of expenditure**

Costs of generating voluntary income are costs incurred in inducing voluntary contributions to the charity.

Charitable activity costs are costs in furtherance of the charity's objects all of which is expenditure directly relating to the objects of the charity.

Support costs are expenditure incurred directly in supporting charitable activities and projects.

Governance costs are all costs attributable to the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

#### **2.6 Profits on sale of property and investments**

Profits on sale of property and investments are credited to the Statement of Financial Activities on a receivable basis. Investments are included in the Balance Sheet at their market value, and any unrealised gains/losses are included on the Statement of Financial Activities, and Statement of Total Recognised Gains and Losses.



## **Notes to the financial statements (continued)**

### **For the year ended 30 September 2016**

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#### **2.7 Fixed assets**

Depreciation is calculated to write off the cost of fixed assets over their useful lives. Equipment and vehicles are written off on a reducing balance basis at the rate of 25% p.a. The value of the freehold property and the surrounding land is significantly in excess of the book value of the building and so any depreciation charge on cost to apportion the cost over its estimated useful economic life to a residual value would be immaterial therefore no depreciation is charged in the financial statements.

Assets are capitalised at cost, only assets costing more than £3,000 are capitalised.

#### **2.8 Foreign currencies**

Revenue and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling at the time when transactions occur. Assets and liabilities are translated at rates of exchange ruling at the balance sheet date. Exchange differences are included in administration expenses.

#### **2.9 Pension costs**

Contributions payable to The Global Connections pension scheme with Zurich Life are charged to the Statement of Financial Activities in the period to which they relate.

Additional contributions were required by The Pensions Trust in respect of a defined benefit scheme deficit, they were charged to the Statement of Financial Activities within other gains and losses.

#### **2.10 Leases**

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

#### **2.11 Grants**

Grants payable are included in the Statement of Financial Activities in the period in which the award is made. Grants unpaid at the year-end are accrued. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued but are noted as financial commitments.

#### **2.12 Cash and cash equivalents**

Cash and cash equivalents are 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 (continued)

### For the year ended 30 September 2016

#### 2.13 Financial instruments

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

#### 2.14 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are the allocation of central support costs which are allocated on bases appropriate to each particular expense item.

#### 2.15 Transition to FRS102

The transition date for FRS102 was 1 October 2014. No restatement of items has been required in making the transition to FRS102.

### 3 Interest and investment income

	2016 £	2015 £
Interest on bank deposits	28,227	25,807
Investment income – listed	-	94
Investment income – Common Investment Funds	<u>25,712</u>	<u>26,474</u>
	<u>53,939</u>	<u>52,375</u>



## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 4 Total incoming resources

Incoming resources are attributable to the principal activity, the financing and co-ordination of mission activity.

A geographical analysis of income is given below:

	2016 £	2015 £
UK	2,985,257	3,013,381
Donor agencies (Northern Europe)	80,666	147,936
Other SIM offices	216,495	192,600
	<u>3,282,418</u>	<u>3,353,917</u>

#### 5 Surplus on mission activities for the year

	2016 £	2015 £
Gain (Loss) on exchange	6,197	(3,455)
Depreciation of Fixed Assets	3,967	4,050
Amortisation of Intangible Assets	7,096	-
Operating Lease Rentals	2,938	2,938
Auditors' remuneration (inc VAT)	<u>10,500</u>	<u>10,500</u>

#### 6 Total resources expended

	Staff Costs £	Other Costs £	2016 £	2015 £
Costs of generating vol income	97,035	25,683	122,718	73,130
Missionaries	-	1,995,172	1,995,172	1,779,331
Projects	7,496	592,429	599,925	869,300
Services for Missionaries	244,122	110,332	354,454	330,304
Mobilisation	309,219	116,518	425,737	382,219
	<u>657,872</u>	<u>2,840,134</u>	<u>3,498,006</u>	<u>3,434,264</u>

Included in resources expended is auditor's remuneration of £8,750 plus VAT (2015: £8,750 plus VAT) for audit work.

## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 7 Staff costs

	2016	2015
	£	£
Salaries	557,297	489,149
Social Security Costs	46,967	39,744
Other Pension Costs	53,608	43,344
	<u>657,872</u>	<u>572,237</u>

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

	2016	2015
Management	4	5
Mobilisation	8	7
Administration	11	9
	<u>23</u>	<u>21</u>

The key management personnel are recognised as 4 members of staff (UK Director, Finance & Stewardship Director, Strategic Development Director and Member Care & Mobilisation Director). In 2015 there were 5 key management personnel as Member Care Director and Mobilisation Director were separate positions.

The total remuneration for these staff totalled £151,636 (£162,931 in 2015). This included pension contributions of £12,814 (£11,296 in 2015).

One Trustee/Director was employed during the year and the remuneration package totalled £39,399 (2015: £37,098) including £2,854 (2015: £1,508) in respect of pension contributions. The director had previously had access to a property purchased by the Charity but this was disposed of in the year.

Trustee/Director remuneration is paid in accordance with the Memorandum & Articles of Association for services provided to the charity. The Trustee/Director did not receive any remuneration in respect of his role as Trustee.

During the year retirement benefits of £2,854 were accruing to this Trustee/Director (2015: £1,508) in respect of defined contribution pension schemes.

Two trustees claimed travel expenses totalling £231 (2015: £1,575) during the year.



## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 7 Staff Costs (continued)

The charity is a member of The Global Connections pension scheme, which is a defined contribution scheme, for the majority of personnel including missionaries serving overseas. The aim is to augment state pensions available and provide benefits which may be drawn on return to the UK. The cost for UK personnel for the year is shown above and represents contributions payable by the charity to the Global Connections Scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund.

In respect of personnel who joined the charity before 1 October 1984, there are no formal pension arrangements. However, the charity makes payments of discretionary supplementary allowances to retired personnel who joined before that date to augment pensions and other allowances they receive. This arrangement does not represent a binding agreement as payments are made to the extent that funds are available.

#### 8 Taxation

The company is exempt from Corporation Tax as a registered charity.

#### 9 Tangible fixed assets

	Freehold Property	Equipment	Vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2015	875,520	209,838	3,000	1,088,358
Additions	-	3,720	-	3,720
Disposals	(80,000)	-	-	(80,000)
At 30 September 2016	795,520	213,558	3,000	1,012,078
<b>Depreciation</b>				
At 1 October 2015	196,831	197,858	2,832	397,521
Charge for the year	-	3,925	42	3,967
At 30 September 2016	196,831	201,783	2,874	401,488
<b>Net Book Value</b>				
At 30 September 2016	598,689	11,775	126	610,590
At 30 September 2015	678,689	11,980	168	690,837

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2016**

**10 Intangible fixed assets**

	Software £	Total £
<b>Cost</b>		
At 1 October 2015	-	-
Additions	28,384	28,384
Disposals	-	-
At 30 September 2016	<u>28,384</u>	<u>28,384</u>
<b>Depreciation</b>		
At 1 October 2015	-	-
Charge for the year	<u>7,096</u>	<u>7,096</u>
At 30 September 2016	<u>7,096</u>	<u>7,096</u>
<b>Net Book Value</b>		
At 30 September 2015	<u>21,288</u>	<u>21,288</u>

**11 Investment Property**

	2016 £	2015 £
<b>Valuation</b>		
At 1 October	517,003	517,003
Revaluation	-	-
At 30 September	<u>517,003</u>	<u>517,003</u>

The parts of the property at Wetheringsett which were rented out at the balance sheet date were revalued by the trustees based on cost and the increase rental yield.



## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 12 Fixed asset investments

	2016 £	2015 £
<b>Unlisted Investments</b>		
Cash deposits maturing in more than 12 months	100,000	-
<b>Listed Investments</b>		
At market value		
At 1 October	679,874	711,540
Sales & Maturities	(50,000)	(4,744)
Unrealised Gain	63,261	4,356
Unrealised Loss	-	(31,278)
At 30 September	693,135	679,874
Historical cost at 30 September	559,896	606,942

Charitrack shares at 30th September had market value of £469,158 (2015: £472,869).

#### 13 Debtors

	2016 £	2015 £
Due from other SIM offices	75,225	47,410
Other debtors	19,387	48,012
Missionaries' Personal Funds (see note 17)	1,002	1,452
Prepayments & Accrued Income	68,474	76,856
	164,088	173,730

#### 14 Current Asset Investments

	2016 £	2015 £
Cash deposits	1,673,490	1,866,200

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2016**

**15 Cash at bank and in hand**

2016	2015
£	£

Cash at bank and in hand	<u>671,271</u>	<u>602,368</u>
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**16 Creditors**

2016	2015
£	£

**Amounts due within one year**

Due to other SIM offices	35,693	35,809
Taxation & Social Security	18,546	16,435
Other Creditors	154,105	125,200
Missionaries' Personal Funds (see note 17)	115,011	99,726
Accruals & Deferred Income	61,118	20,560
Pension Deficit	13,753	13,662

<u>398,226</u>	<u>311,392</u>
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2016	2015
£	£

**Amounts due after one year**

Pension Deficit	<u>68,427</u>	<u>82,088</u>
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**17 Missionaries personal funds**

2016	2015
£	£

Balance at the beginning of the year	98,274	63,114
Allowances and transfers	<u>649,167</u>	<u>633,300</u>
	747,441	696,414
Less: Payments from personal accounts	<u>(633,432)</u>	<u>(598,140)</u>
Balance at the end of the year	<u>114,009</u>	<u>98,274</u>

(See Notes 13 and 16)



**Notes to the financial statements (continued)**  
**For the year ended 30 September 2016**

**18 Funds**

	Endowment fund	Restricted funds	Unrestricted funds					Total funds
			Asset fund	Revaluation fund	Designated funds	Special Project funds	General fund	
	£	£	£	£	£	£	£	£
Balance at 1 October 2014	202,650	914,177	1,082,640	129,250	735,179	673,968	505,480	4,234,344
Income / Expenditure for year	-	19,298	(4,050)	-	62,663	(40,595)	(117,665)	(80,349)
Unrealised gain/(loss) on investments	4,356	-	-	-	-	-	(31,278)	(26,922)
Realised gain/ (loss) on investments	-	-	-	-	-	-	457	457
Transfers	-	-	-	-	-	(102,162)	102,162	-
<b>Balance at 30 September 2015</b>	<b>207,006</b>	<b>933,475</b>	<b>1,078,590</b>	<b>129,250</b>	<b>797,842</b>	<b>531,211</b>	<b>459,156</b>	<b>4,136,530</b>
Income / Expenditure for year	-	(12,109)	(11,063)	-	(51,936)	(2,846)	(137,634)	(215,588)
Unrealised gain/(loss) on investments	16,971	-	-	-	-	-	-	16,971
Realised gain/ (loss) on investments	-	-	-	-	-	-	46,297	46,297
Transfers	-	-	(47,897)	-	(27,000)	(22,080)	96,977	-
<b>Balance at 30 September 2016</b>	<b>223,977</b>	<b>921,366</b>	<b>1,019,630</b>	<b>129,250</b>	<b>718,906</b>	<b>506,285</b>	<b>464,798</b>	<b>3,984,212</b>

## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 18 Funds (continued)

The restricted funds include funds for Leprosy & Medical work and other miscellaneous projects, the remainder are funds held for Missionaries under Support Agreements to provide for future expenses. (See note 14a)

The Asset fund is invested in fixed assets, equipment and vehicles and reflects the net book value of the assets held by the charity. The charity suspended its previous practice of providing depreciation of freehold building at the beginning of the 2010 financial year.

The Designated funds represent amounts set aside for the future use of Mission members and includes £374,197 (2015: £407,731) in respect of the voluntary pension payments mentioned in Note 20.

The Special project fund represents amounts set aside for use of the Mission on other projects in the UK and overseas.

The Endowment fund comprises a legacy received on which interest income is transferred to the restricted fund to be used for SIM Dental ministries.

The transfer between the Asset fund and General Fund was in respect of investment in property and equipment for use by the charity.

The transfer between the Special Project Fund and the General fund was in respect of regional mobilisation in the UK.

The restricted funds are comprised of:

	<b>Missionary Support</b>	<b>Leprosy Fund</b>	<b>Overseas Projects</b>	<b>UK Projects</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Opening Balance	794,086	46,233	56,549	36,607	933,475
Net Income/Expenditure	434	(6,592)	9,304	(15,255)	(12,109)
<b>Closing Balance</b>	<b>794,520</b>	<b>39,641</b>	<b>65,853</b>	<b>21,352</b>	<b>921,366</b>

## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 19 Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Endowment Fund	Total Funds
Tangible Fixed Assets	610,590	-	-	610,590
Intangible Fixed Assets	21,288	-	-	21,288
Investment Property	517,003			517,003
Investments	569,158	-	223,977	793,135
Current Assets	1,587,483	921,366	-	2,508,849
Current Liabilities	(398,226)	-	-	(398,226)
Long Term Liabilities	(68,427)	-	-	(68,427)
	<b>2,838,869</b>	<b>921,366</b>	<b>223,977</b>	<b>3,984,212</b>

#### 20 Pension costs

The pension charge represents contributions payable by the charity to pension schemes and amounted to £53,608 (2015: £43,344).

##### Defined contribution pension scheme

The charity contributes to two defined contribution pension schemes for staff. The assets of the schemes are held separately from those of the charity in independently administered funds.

The pension cost charge represents contributions payable by the charity to the pension schemes and amounted to £53,608 (2015: £43,344). Contributions payable to the pension schemes at the year end amounted to £4,630 (2015: £4,387).

##### Discretionary Supplementary Allowances

As explained in Note 7, the payments of discretionary supplementary allowances do not represent a binding agreement. If funds are available through charitable giving then discretionary supplementary allowances will be paid but there is no contractual obligation to make these payments by the charity. In the opinion of the directors this does not constitute a constructive obligation under Financial Reporting Standard 102 and no additional disclosure is therefore required.



## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 21 Other Financial Commitments

At the year end the charity was committed to making the following payments under non-cancellable operating leases in the coming year:

	2016	2015
	£	£
Operating Leases expiring under 1 year	3,436	2,938
Operating Leases expiring within 1 to 2 years	8,707	7,654
Operating Leases expiring within 2 to 5 years	898	-
	<u>13,041</u>	<u>10,592</u>

#### 22 Contingent liability

SIM International (UK) participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

As of 30th September 2016 the estimated employer debt for SIM International (UK) was £160,704 (30 September 2015 £171,487).

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 22 Contingent liability (continued)

SIM International (UK) paid contributions at the rate of 0% during the accounting period. Members paid contributions of £348 during the accounting period.

As at the balance sheet date there was one active members of the Plan employed by SIM International (UK). SIM International (UK) continues to offer membership of the Plan to its employees. SIM International (UK) has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.



## Notes to the financial statements (continued)

### For the year ended 30 September 2016

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#### 22 Contingent liability (continued)

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

SIM International (UK) has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2012. As of 30 September 2016 the estimated employer debt for SIM International (UK) was £171,478 (30 September 2015: £171,478).

Due to the Series 3 Growth Plan with The Pensions Trust being reclassified as a defined benefit pension scheme, additional contributions of £127,192, were required to be paid in equal instalments over 10 years, to eliminate the deficit. This amount was charged to the Statement of Financial Activities within other gains and losses in 2012.

#### 23 Post balance sheet events

The charity completed a merger with Middle East Christian Outreach (MECO) UK & Ireland on 1 October 2016.



## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 24 Transition to FRS 102/SORP 2015

This is the first financial year that the charity has presented its financial statements in accordance with FRS 102 *The Financial Reporting Framework Applicable in the UK and Republic of Ireland* ("FRS 102"). For financial years up to and including the year ending 30 September 2015, the charity prepared its financial statements in accordance with previously extant UK GAAP.

The date of transition to FRS 102 is therefore 1 October 2014. This note sets out the changes to accounting policies and the transitional adjustments that are required to be made for first-time transition to FRS 102. The charity's opening funds position as at the 1 October 2014 and its previously published financial statements for the year ended 30 September 2015 have been restated from previously extant UK GAAP.

In carrying out the transition to FRS 102, none of the optional exemptions permitted by Section 35 *Transition to this FRS* have been applied.

	Note	As at 1 October 2014 £	As at 30 September 2015 £
<b>Charitable Funds as reported under previously extant UK GAAP</b>		<b>4,114,094</b>	<b>4,007,282</b>
- Investment properties at fair value through statement of financial activities	A	129,250	129,250
<b>Charitable Funds as restated under FRS 102</b>		<b>4,243,344</b>	<b>4,136,532</b>

**Note A:** Investment properties held at fair value through profit or loss

This transitional adjustment relates to the reclassification of property from tangible fixed assets to investment property and the remeasurement of the property to fair value through the Statement of Financial Activities.

## Notes to the financial statements (continued)

### For the year ended 30 September 2016

#### 25 Statement of financial activities – Comparatives

	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Endowment Fund 2015 £	Total Funds 2015 £
<b>Incoming resources</b>				
Incoming resources from general funds				
Voluntary income:				
Donations and similar income	853,900	2,323,591	-	3,177,491
Legacies	54,231	7,605	-	61,836
Interest and investment income	43,820	8,555	-	52,375
Other incoming resources	62,215	-	-	62,215
Total incoming resources	<u>1,014,166</u>	<u>2,339,751</u>	<u>-</u>	<u>3,353,917</u>
<b>Expenditure on Raising Funds</b>	73,130	-	-	73,130
<b>Expenditure on Charitable activities</b>				
Missionaries	45,083	1,779,312	-	1,824,395
Projects	292,035	541,142	-	833,177
Services for Missionaries	321,343	-	-	321,343
Mobilisation	382,219	-	-	382,219
Total resources expended	<u>1,113,810</u>	<u>2,320,454</u>	<u>-</u>	<u>3,434,264</u>
Net Income/expenditure before investment gains	<u>(99,644)</u>	<u>19,297</u>	<u>-</u>	<u>(80,347)</u>
Net Gains/(losses) on investments	<u>(30,821)</u>	<u>-</u>	<u>4,356</u>	<u>(26,465)</u>
Net movement in funds	<u>(130,465)</u>	<u>19,297</u>	<u>4,356</u>	<u>(106,812)</u>
Fund balances brought forward	<u>3,126,517</u>	<u>914,177</u>	<u>202,650</u>	<u>4,243,344</u>
Fund balances carried forward	<u>2,996,052</u>	<u>933,475</u>	<u>207,006</u>	<u>4,136,532</u>