

**SOCIETY OF THE SACRED MISSION (EUROPE)**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

Registered Company No: 04943183  
Registered Charity No: 1101444

<b>CONTENTS</b>	<b>Page</b>
Legal and administrative information	1
Trustees' report	2 – 7
Independent Auditor's report	8
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13 - 21

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

**LEGAL AND ADMINISTRATIVE INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

<b>TRUSTEES</b>	Fr Jonathan Ewer Sr Margaret Moakes Revd Paul Golightly Revd Wendy Carey Mr Jeremy Hopkinson Mr Allan Hargreaves Br Anthony Purvis (April 2016) Fr Robert Stretton (April 2016)
<b>PROVINCIAL</b>	Fr Jonathan Ewer
<b>PROVINCIAL BURSAR</b>	Revd Paul Golightly
<b>SECRETARY</b>	Sr Margaret Moakes (until October 2016) Mr Allan Hargreaves (from October 2016)
<b>COMPANY REGISTRATION NUMBER</b>	04943183
<b>CHARITY REGISTRATION NUMBER</b>	1101444
<b>GOVERNING INSTRUMENT</b>	Memorandum and Articles of Association dated 24 October 2003
<b>REGISTERED OFFICE</b>	St Michael's Priory Newport Road Willen Milton Keynes MK15 9AA
<b>AUDITOR</b>	haysmacintyre 26 Red Lion Square London WC1R 4AG
<b>SOLICITORS</b>	Winckworth Sherwood (until September 2016) Minerva House 5 Montague Close London  Stone King LLP (from September 2016) 13 Queen Square Bath BA1 2HJ
<b>BANKERS</b>	Royal Bank of Scotland Plc London City Office 62/63 Threadneedle Street London EC2R 8LA
<b>INVESTMENT MANAGERS</b>	Rathbone Greenbank Investments 1 Curzon Street London W1J 5FB

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

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

The Trustees (who are the Directors for the purposes of Company Law) present their report and accounts for the year ended 31 December 2016.

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Society of the Sacred Mission (Europe) is a religious community of the Anglican Church founded in 1893. It consists of men and women 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.

Decisions about structure, functioning and work of the Province are made by the Members of the company, who are the professed members of the Society. The company is limited by guarantee and a registered charity. The Company's annual general meeting elects four Directors/Trustees who need not be members of the company. The Board has final authority over financial matters.

The Company was incorporated 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. With effect from 9 February 2017 the company was appointed Custodian Trustee of the assets of The Society of the Sacred Mission (Southern Africa).

The Company is governed by the Memorandum and Articles of Association dated 24 October 2003. It is registered with the Charity Commission (Number 1101444) and the Registrar of Companies (Number 04943183). Its financial year runs from 1 January to 31 December.

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.

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

**AIMS, POLICIES, OBJECTIVES, ACHIEVEMENTS AND FUTURE PLANS**

The aims of the Society are to increase the number of those who give themselves to the divine service (including training those preparing for ministry); to convert and perfect souls; and to cultivate the divine science. 'Divine service' is interpreted by the Society as including all forms of Christian ministry. The term, 'conversion and perfection of souls' expresses the Society's aim of uniting the devotion of women and men in their daily lives to the service of the Church. The 'divine science' refers to the study of theology.

It is the Society's policy to undertake 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 principle areas in which the Society is currently involved are theological education and Christian service, and these are conducted in a number of activities set out below.

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

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**AIMS, POLICIES, OBJECTIVES, ACHIEVEMENTS AND FUTURE PLANS (continued)**

**Houses and Projects of the Society, or related to the Society**

**1. St Michael's Priory**

The Community consists of 14 members, residents and staff, 11 of whom live on site.

The life of the Priory is centred around the daily rhythm of prayer and work. St Michael's seeks to be a place of peace, encounter and welcome; and our community life provides a space where all may meet as one. The house seeks to build on the work and mission of the SSM and its charitable objects with the four-fold offices remaining central to our life and witness. We seek to share our life with all who come here and, whenever possible, we welcome all around our common table. The community at the Priory seeks to find God in contemplation, action and prayer, and in mission and ministry.

The Community, and its daily life of work and prayer, provides a base for all the other activities. It offers a pattern of daily prayer, plus a programme of events, retreats, quiet days, spiritual direction and study, using the library and the meeting rooms. It also continues to offer guest accommodation and hospitality in many different ways. At the end of 2016 we started the recruitment process for two Pastoral Assistants to join the community.

The Library, which continues to grow, is a major resource for the area, supporting the clergy and local churches, those training for the ministry in the Anglican Diocese of Oxford and those from other denominations. It is now home to the Thomas Merton Collection and is acknowledged as a vital resource for a number of groups with an interest in spirituality and theology, such as MK Interfaith, the MK Peace and Justice Network, and others.

We now only have two Meeting Rooms as Room B has been used as a permanent Chapel during 2016. In 2017 due to demand we will be changing Room A & the Round Room into fulltime chapels and Room B will be available for hire.

St Michael's Priory also houses the Province's administration centre. The following people live or work here:

Fr Jonathan Ewer, Provincial and Professed Member  
Br Anthony Purvis, Prior and Professed Member  
Sr Margaret Moakes, Professed Member, Trustee, and Company Secretary (until October 2016)  
Fr Frank Green, Professed Member  
Angela Sergeant, Novice (left July 2016)  
Peter Stannard, Novice (left September 2016)  
Revd Sarah Burrow (alongsider)  
Karen Watson, Administrator  
Kevin Stephenson, Gardener  
Barbara Merrifield, Librarian (retired September 2016)  
Joy Derbyshire, Bookings & Reception

In addition, the following residents left during the year:

Helen Stephenson  
Mark Robertson  
Gary Sergeant

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

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**AIMS, POLICIES, OBJECTIVES, ACHIEVEMENTS AND FUTURE PLANS (continued)**

**Houses and Projects of the Society, or related to the Society (continued)**

**2. St Antony's Priory, Durham**

St Antony's Priory, Durham is a house of the Society established in 1984.

The Ecumenical Spirituality Centre is based at the Priory. It has a full-time Director and seven part-time staff (including a cook). An important activity of the Centre is to train people to be spiritual directors and prayer guides. Also, the Centre offers a programme of retreats, workshops, quiet days and other support. These give people from a wide variety of backgrounds the opportunity for prayer and reflection away from the routine and business of their daily lives. In the past year, there has been emphasis on outreach.

At the end of 2016, the Ecumenical Spirituality Project was staffed by:

Revd Paul Golightly, Project Director  
Joan Golightly, Team Member  
Ruth Grant, Team Member  
Lynne Burke, Team Member  
Sheila McNamara, Team Member (left October 2016)  
Revd Paul Tiler, Team Member  
Yvonne Hall, Team Member  
Lynn Nausner, Team Member and  
Joanne Morrison, Cook

**3. Willen Priory (1 Linford Lane)**

The Priory closed in January 2016. Fr Frank joining the community at St Michael's Priory and Sr Mary moving in to full time care. The house is now rented out.

**4. Individuals**

- i. Professed Member, Fr Ralph Martin (Died 24 March 2016).
- ii. Professed Member, Fr Edmund Wheat living in a care home in Newport Pagnell.
- iii. Professed Member, Sr Mary Hartwell living in a care home in Milton Keynes.
- iv. Professed Member, Br Andrew Murumatsu is in ministry at St Andrew's Cathedral, Yokohama, Japan.
- v. Professed Member, Fr Robert Stretton, is in ministry at St John the Divine Church, Kennington, South London.
- vi & vii Associates Elizabeth and Robin Baker, formerly at The Well at Willen, moved in 2015 to Scotland, where Elizabeth has taken over a parish.

**Pastoral Work**

Members of the Society are involved in a wide range of pastoral work. Some are active in the parishes in which they live. Others conduct regular retreats. Many are active in spiritual direction and formation. Guests are welcomed into the Society's houses in Durham and in Willen, Milton Keynes, to live alongside the Members of the Society and to share in its life of work and prayer. Members of the Society offer their services as ordained clergy or lay ministers in parishes, where they preach and lead worship. This ministry, together with workshops, retreats and study days, is an important way of fulfilling the Society's aim of 'converting and perfecting souls'. In all, six Members and others have been active in parish ministries throughout the year.

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

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**AIMS, POLICIES, OBJECTIVES, ACHIEVEMENTS AND FUTURE PLANS (continued)**

**Future Plans**

- Members of the Province in Willen, Milton Keynes, will continue to work with the Oxford Diocese to provide ministry in the area. They will also continue to expand the work of their library.
- St Michael's Priory will welcome a Postulant and 3 Pastoral Assistants, and 2 novices from the Southern African Province, for their formation and training.
- Fr Gregory Stephens will transfer to the European Province and be based at St Michael's Priory.
- Members of the Province in Durham will continue to run an outreach programme to take their work into the wider community.
- Two of the older members of the Society remain in care, and the Society is aware that other older Members may require more acute care in the future. The Trustees are aware that the physical demands on Members, as well as the financial demands on the Society will require continual assessment and change.

**FINANCIAL REVIEW**

**Result for the year**

Income for the year was £671,979 (2015: £620,580). The increase was mainly as a result of the surplus on disposal of property of £59,621 and an increase in rents received from £20,900 to £53,060.

Expenditure in the year was £797,253 (2015: £825,175) with the main changes being a decrease in costs of furniture and equipment.

Investment assets showed an increase in value for the year of £894,499 which, in view of market conditions during the year, the Trustees consider to be acceptable.

Overall there was a net increase in total funds of £769,225 to give total funds carried forward of £9,322,339.

The level of unrestricted funds held increased to £6,540,033 (2015: £6,020,279). The Trustees will continue to monitor the level of funds, but until investments are realised, a large proportion of the fund continues to be subject to the vagaries of the Stock Market.

**Investment Policy**

The Society operates an actively-managed investment portfolio of equities and bonds. The Society seeks to avoid military-related and tobacco-related holdings.

The Society's primary investments were transferred from Barclays Wealth to Rathbones during the year.

In addition to managed investments, some short-term cash holdings are held in deposit accounts with the Royal Bank of Scotland.

**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 fixed assets. Free reserves at the year-end amounted to £860,507.

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.

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

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**FINANCIAL REVIEW (continued)**

**Reserves Policy (continued)**

The Province has nine Members and 4 none voting associates. Eight of the members 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 remit their earnings to the Society, which is committed to supporting them.

The Trustees designation of £4.0m to the area of 'Care of the Elderly' recognises the obligation and intention of the Trustees towards Members, and the residual unrestricted funds of £2.5m are not considered excessive, taking into account the future plans of the Society and the £1.7m tied up in fixed assets. Such future plans include further designations towards the care of the elderly as Members get older and may require specialist care. They also include further designations for capital acquisitions and for maintenance of the Society's properties.

**Grants**

The responsibility for making decisions to pay grants rests with the Board of Trustees. The Board reviews applications for grants at a meeting once a year (usually November), for payment in the following year.

**Risk Management**

The Trustees have assessed the major risks to which the Society is exposed, in particular those related to its ongoing operations and financial obligations. They are satisfied that adequate control systems are in place to mitigate any exposure to major risks. The major risks for the Society are:

**Investment:** The trustees have appointed investment advisers who handle the charity's portfolio. In the light of that, the main risk lies with the state of the market for time to time, over which the trustees have no control. Regular meetings are held with the Audit and Investment Committee to assess changes in 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 charity has few cash transactions, thus the incidence of cash fraud is minimal. All expenditure is subject to robust dual authorisation procedures in accordance with Charity Commission Guidelines. The charity is considering the appointment of an external Bursar to reduce the current perception that there may be conflicts of interest, and to set about balancing the budget of the charity within current income constraints.

**Legal:** The charity has appointed solicitors to advise on issues which face the charity from time to time: throughout the period the charity has taken the opportunity to review its governing instrument to ensure that it acts within its provisions, and changes are in the course of being effected which will improve governance.

**Operational and Reputational:** The review referred to above ensures that the charity continues to operate as a recognised Religious Order within the Church of England, and activities at St Michael's Priory (formerly The Well) fall squarely within that framework, all other peripheral activity having been discontinued. The charity is building up its reputation as a House for prayer, retreats and contemplation for those who need to recharge their spiritual batteries, and activities that hamper that process are discontinued.

St Antony's Priory at Durham currently operates as an Ecumenical Spirituality Centre, which is manned entirely by paid staff, the Director of which is on secondment from the Methodist Church. Contracts of employment for those staff are tied to expire with his retirement in two years' time.

**Solicitors**

The Provincial Chapter appointed Stone King as its solicitors.

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

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**FINANCIAL REVIEW (continued)**

**Auditor**

The Provincial Chapter agreed that haysmacintyre should continue as its auditor.

**Statement of Trustees' Responsibilities**

The Trustees (who are also directors of the Society of the Sacred Mission (Europe) 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable 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 charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditor**

haysmacintyre have expressed their willingness to continue as auditor and a resolution proposing their reappointment will be considered by the Trustees.

Received and approved by the Board on 14 June 2017 and signed as authorised on their behalf by:

.....  
**Jonathan Ewer**  
**Director/Trustee**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE SOCIETY OF THE SACRED MISSION (EUROPE)**

---

We have audited the financial statements of the Society of the Sacred Mission (Europe) for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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).

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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities as set out in the Trustees' Report, 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 auditors under the Companies Act 2006. 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 Ethical Standards for Auditors.

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

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

### **Opinion on 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 31 December 2016 and of the charitable company's net movement in funds, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

- The information given in the Trustees' Annual Report (which incorporates the director's report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

In 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' Annual Report (which incorporated the directors' report).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE SOCIETY OF THE SACRED MISSION (EUROPE)**

---

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

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

- the charitable company has not kept adequate and sufficient 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 incorporating the Strategic Report.

**Adam Halsey, (Senior Statutory Auditor)**  
**For and on behalf of haysmacintyre, Statutory Auditor**

**14 June 2017**

**26 Red Lion Square**  
**London**  
**WC1R 4AG**

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

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>INCOME AND EXPENDITURE</b>	<b>Notes</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Income from:</b>					
<i><b>Donations and legacies:</b></i>					
Stipends and pensions		122,526	-	122,526	126,290
Subscriptions, donations and other income		94,136	16,934	111,070	127,068
<i><b>Charitable activities:</b></i>					
Guests and residents		47,414	-	47,414	43,963
Rent received		53,060	-	53,060	20,900
<i><b>Other trading activities:</b></i>					
Conference facility income		18,211	-	18,211	27,874
Investments	2	183,370	76,707	260,077	274,485
<i><b>Other income:</b></i>					
Surplus on disposal of tangible fixed assets		59,621	-	59,621	-
<b>Total income</b>		<u>578,338</u>	<u>93,641</u>	<u>671,979</u>	<u>620,580</u>
<b>Expenditure on:</b>					
<i><b>Raising funds:</b></i>					
Conference costs		18,873	-	18,873	23,904
Investment management fees		34,109	-	34,109	34,832
<i><b>Charitable activities:</b></i>					
Support of members and their ministry	3	661,831	82,440	744,271	766,439
<b>Total expenditure</b>		<u>714,813</u>	<u>82,440</u>	<u>797,253</u>	<u>825,175</u>
Net gains/(losses) on investment assets	9	626,149	268,350	894,499	(139,046)
<b>Net income/(expenditure)</b>	4	489,674	279,551	769,225	(343,641)
Transfers between funds		30,080	(30,080)	-	-
<b>Net movement in funds</b>		519,754	249,471	769,225	(343,641)
Total funds brought forward		6,020,279	2,532,835	8,553,114	8,896,755
<b>Total funds carried forward</b>		<u>6,540,033</u>	<u>2,782,306</u>	<u>9,322,339</u>	<u>8,553,114</u>

All recognised gains and losses are included in the Statement of Financial Activities.

The accompanying notes form an integral part of these financial statements. Details of comparative figures by fund can be found in note 18.

**BALANCE SHEET**

**AS AT 31 DECEMBER 2016**

		<b>2016</b>		<b>2015</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		1,679,526		1,171,707
Fixed asset investments	9		7,525,587		7,240,825
			<u>9,205,113</u>		<u>8,412,532</u>
<b>CURRENT ASSETS</b>					
Debtors	10	767		2,235	
Bank and cash		149,753		172,341	
		<u>150,520</u>		<u>174,576</u>	
<b>CREDITORS:</b> amounts falling due within one year	11	(24,627)		(22,840)	
<b>NET CURRENT ASSETS</b>			125,893		151,736
<b>CREDITORS:</b> amounts falling due after one year	12		(8,667)		(11,154)
<b>NET ASSETS</b>			<u>9,322,339</u>		<u>8,553,114</u>
<b>FUNDS:</b>	14				
Restricted funds	16		2,782,306		2,532,835
Unrestricted funds	15		6,540,033		6,020,279
<b>TOTAL FUNDS</b>			<u>9,322,339</u>		<u>8,553,114</u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board and authorised for issue on 14 June 2017 and signed on its behalf by:

.....  
**Jonathan Ewer**  
**Director/Trustee**

The accompanying notes form an integral 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 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
<i>Net cash provided by (used in) operating activities</i>	(407,259)	(443,260)
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	260,077	274,485
Proceeds from sale of property, plant and equipment	122,357	-
Purchase of property, plant and equipment	(607,500)	(35,977)
Proceeds from sale of investments	3,791,567	1,627,650
Purchase of investments	(3,181,830)	(1,394,882)
<i>Net cash provided by (used) in investing activities</i>	384,671	471,276
<b>Change in cash and cash equivalents in the reporting period</b>	(22,588)	28,016
<b>Cash and cash equivalents at the beginning of the reporting period</b>	172,341	144,325
<b>Cash and cash equivalents at the end of the reporting period</b>	149,753	172,341

**RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	769,225	(343,641)
<b>Adjustments for:</b>		
Depreciation charges	36,945	35,285
(Gains)/losses on investments	(894,499)	139,046
Gain on sale of fixed assets	(59,621)	-
Dividends, interest and rents from investments	(260,077)	(274,485)
Decrease in debtors	1,468	1,005
Decrease in creditors	(700)	(470)
<b>Net cash provided by/(used) in operating activities</b>	(407,259)	(443,260)

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash in hand	149,753	172,341
<b>Total cash and cash equivalents</b>	149,753	172,341

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**1. ACCOUNTING POLICIES**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

**1.2 Preparation of accounts on a going concern basis**

The trustees consider there are no material uncertainties about the Society's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives trustees confidence the Society remains a going concern for the foreseeable future.

**1.3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 affected current and future periods.

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**1.4 Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the trustees for particular purposes. Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

**1.5 Income**

All income is included in the statement of financial activities when the charity is entitled to the income, it is probable that income will be received and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Donations are included in full in the Statement of Financial Activities when receivable. Gifts donated for resale are included as income when they are sold. Donated assets are included at the value to the charity where this can be quantified and a third party is bearing the cost. The value of services provided by volunteers has not been included.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**1. ACCOUNTING POLICIES (continued)**

**1.5 Income (continued)**

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Income from investments is included in the Statement of Financial Activities in the year in which it is received. Realised and unrealised gains (or losses) are reflected in the Statement of Financial Activities in the year in which they occur.

**1.6 Expenditure**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure consists of all expenditure relating to the objects of the charity. All costs are directly attributable to the activities under which they have been analysed.

**1.7 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% straight line
Leasehold properties	-	Straight line over the life of the lease
Motor vehicles	-	25% straight line

**1.8 Investments**

Investments are a form of basic financial instruments and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

**1.9 Debtors**

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

**1.10 Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments.

**1.11 Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**1. ACCOUNTING POLICIES (continued)**

**1.12 Employee benefits**

- **Short term benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

- **Employee termination benefits**

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

- **Pension scheme**

The Society operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of the Society in an independently administered fund. The pensions costs charged in the financial statements represent the contributions payable during the year. This scheme closed in September 2016 to new starters and a NEST scheme was opened for auto enrolment.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>2. INVESTMENT INCOME</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2016 £</b>	<b>2015 £</b>
Bank interest	36	16	52	105
Income for quoted investment	183,334	76,691	260,025	274,380
	<u>183,370</u>	<u>76,707</u>	<u>260,077</u>	<u>274,485</u>
<b>3. SUPPORT OF MEMBERS AND THEIR MINISTRY</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2016 £</b>	<b>2015 £</b>
Community (see below)	623,542	16,929	640,471	642,110
Travel and transport	5,007	-	5,007	5,645
Furniture and equipment	7,028	-	7,028	27,270
Chapter	4,014	-	4,014	4,673
Publicity	5,838	-	5,838	5,577
Donations and grants (see below)	9,910	65,511	75,421	74,163
Administration	6,492	-	6,492	7,001
	<u>661,831</u>	<u>82,440</u>	<u>744,271</u>	<u>766,439</u>
Community costs include:				
Staff costs (note 5)	189,147	16,929	206,076	212,074
Depreciation	36,945	-	36,945	35,285
Other direct costs	397,450	-	397,450	394,751
	<u>623,542</u>	<u>16,929</u>	<u>640,471</u>	<u>642,110</u>
Donations and grants comprise:				
Grants to individuals	9,910	39,446	49,356	27,863
Dhyana Ashram	-	2,145	2,145	14,622
SSM Australia	-	12,020	12,020	-
SSM South Africa	-	3,500	3,500	17,928
HOM South Africa	-	3,105	3,105	-
Breathe	-	600	600	3,000
DACYM	-	4,000	4,000	1,000
Parish of Holy Innocents, Hornsey	-	3,800	3,800	3,000
Retreat Ass.	-	-	-	750
IPCA (Europe)	-	-	-	1,000
Parish Church of St Wilfrid Kelham	-	-	-	5,000
	<u>9,910</u>	<u>65,511</u>	<u>75,421</u>	<u>74,163</u>
<b>4. NET INCOME/(EXPENDITURE) FOR THE YEAR</b>			<b>2016 £</b>	<b>2015 £</b>
Net incoming resources is stated after charging:				
Auditor's remuneration - audit of accounts			8,150	8,400
- other			925	900
			<u>8,150</u>	<u>8,400</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**5. STAFF COSTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	192,376	194,981
Social security costs	7,222	10,175
Pension costs	6,478	6,918
	<u>206,076</u>	<u>212,074</u>

No employee received emoluments of more than £60,000 (2015: none). Total remuneration for key management personnel for the year was £79,396 (2015: £73,540).

The average monthly numbers of employees during the year was as follows:

<b>Number</b>	<b>Number</b>
<u>11</u>	<u>12</u>

**6. TRUSTEES' EMOLUMENTS**

Some of the trustees are members of the Society and they have their living expenses borne by the Trust. These trustees received no remuneration or other benefits in connection with their duties as trustees during the year (2015: None). In addition, one trustee is a seconded minister of the Methodist church, and the Society is responsible for his whole salary costs, pension payments and the provision of accommodation: he is paid as Project Director of St Antony's Priory, and not for his duties as a trustee. One member of paid staff is his wife, and is thus a connected party: her emoluments were £17,004 during the year (2015: £15,569).

**7. TAXATION**

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 2010. Accordingly, there is no taxation charge in these accounts.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. TANGIBLE FIXED ASSETS**

<b>Group and charity</b>	<b>Land and buildings freehold £</b>	<b>Motor vehicles £</b>	<b>Building improvements £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2016	1,565,912	36,995	35,977	1,638,884
Additions	607,500	-	-	607,500
Disposals	(75,000)	-	-	(75,000)
At 31 December 2016	2,098,412	36,995	35,977	2,171,384
<b>Depreciation</b>				
At 1 January 2016	438,909	25,870	2,398	467,177
Charge for the year	27,785	5,562	3,598	36,945
Disposals	(12,264)	-	-	(12,264)
At 31 December 2016	454,430	31,432	5,996	491,858
<b>Net Book Value</b>				
At 31 December 2016	1,643,982	5,563	29,981	1,679,526
At 31 December 2015	1,127,003	11,125	33,579	1,171,707

The trustees are of the opinion that the market value of properties at the year-end would significantly exceed the book values included in the financial statements but they are unable to quantify this excess in the absence of a professional valuation. The costs of valuation are not considered justifiable in view of the charity's intention to retain ownership of its existing properties for use in the charity in the foreseeable future.

The net book value of tangible fixed assets of the group includes an amount of £5,563 (2015 - £11,125) in respect of assets held under finance leases on which the depreciation charge was £5,563 (2015 - £5,563).

**9. FIXED ASSET INVESTMENTS**

	<b>Listed investments £</b>	<b>Investment properties £</b>	<b>Total £</b>
<b>Valuation</b>			
At 1 January 2016	7,208,825	32,000	7,240,825
Additions and cash transfers	3,181,830	-	3,181,830
Disposals and cash transfers	(3,791,567)	-	(3,791,567)
Net gain on revaluations	894,499	-	894,499
At 31 December 2016	7,493,587	32,000	7,525,587

The cost of listed investments at the year end was £6,250,450 (2015: £5,835,858).

All fixed asset investments are held within the United Kingdom.

There are no significant listed investments held at 31 December 2016 (2015 – none).

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. DEBTORS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other debtors	767	2,235
	<u>767</u>	<u>2,235</u>

**11. CREDITORS: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	22,139	20,352
Finance lease liability (note 13)	2,488	2,488
	<u>24,627</u>	<u>22,840</u>

**12. CREDITORS: amounts falling due after one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Finance lease liability (note 13)	8,667	11,154
	<u>8,667</u>	<u>11,154</u>

**13. FINANCE LEASE COMMITMENTS**

The future finance lease obligations to which the group is committed are as follows:

<b>Group and charity</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within one year	2,488	2,488
Between one and two years	2,488	2,488
Between two and five years	6,179	8,666
	<u>11,155</u>	<u>13,642</u>

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds</b>	<b>Restricted Funds</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>			
Fund balances at 31 December 2016 as represented by:			
Tangible fixed assets	1,679,526	-	1,679,526
Fixed asset investments	4,750,262	2,775,325	7,525,587
Net current assets	118,912	6,981	125,893
Creditors: amounts due after more than one year	(8,667)	-	(8,667)
	<u>6,540,033</u>	<u>2,782,306</u>	<u>9,322,339</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**15. UNRESTRICTED FUNDS**

	At 1 January 2016 £	Income £	Expenditure £	Transfers £	Net losses on investments £	At 31 December 2016 £
<b>Group and charity</b>						
General fund	2,020,279	583,267	(606,311)	(83,351)	626,149	2,540,033
Designated:						
Care of the elderly	4,000,000	-	(113,431)	113,431	-	4,000,000
	<u>6,020,279</u>	<u>583,267</u>	<u>(719,742)</u>	<u>30,080</u>	<u>626,149</u>	<u>6,540,033</u>

**Purposes of unrestricted funds**

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

**16. RESTRICTED FUNDS**

	At 1 January 2016 £	Income £	Expenditure £	Transfers	Net losses on investments £	At 31 December 2016 £
Kelham College fund	2,532,835	76,712	(65,510)	(30,080)	268,350	2,812,386
Durham fund	-	16,929	(16,929)	-	-	-
	<u>2,532,885</u>	<u>93,641</u>	<u>(77,510)</u>	<u>(30,080)</u>	<u>268,350</u>	<u>2,782,306</u>

**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.

**Durham Fund**

Income was received during the year to fund recovery days at St Antony's Priory, Durham.

**17. Post balance sheet events**

Subsequent to the year end, the charity became a director of The Society of the Sacred Mission (Southern Africa), an incorporated charity (Company Registration Number 06646941 and Charity Registration Number 1126944).

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**18. ACTIVITIES BY FUND IN PREVIOUS YEAR**

Activities in both unrestricted and restricted funds for the previous year are as follows:

<b>INCOME AND EXPENDITURE</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2015 £</b>
<b>Income from:</b>			
<i><b>Donations and legacies:</b></i>			
Stipends and pensions	126,290	-	126,290
Subscriptions, donations and other income	127,068	-	127,068
<i><b>Charitable activities:</b></i>			
Guests and residents	43,963	-	43,963
Rent received	20,900	-	20,900
<i><b>Other trading activities:</b></i>			
Conference facility income	27,874	-	27,874
Investments	193,043	81,442	274,485
<b>Total income</b>	<b>539,138</b>	<b>81,442</b>	<b>620,580</b>
<b>Expenditure on:</b>			
<i><b>Raising funds:</b></i>			
Conference costs	23,904	-	23,904
Investment management fees	34,832	-	34,832
<i><b>Charitable activities:</b></i>			
Support of members and their ministry	721,711	44,728	766,439
<b>Total expenditure</b>	<b>780,447</b>	<b>44,728</b>	<b>825,175</b>
Net losses on investment assets	(97,332)	(41,714)	(139,046)
<b>Net expenditure</b>	<b>(338,641)</b>	<b>(5,000)</b>	<b>(343,641)</b>
<b>Net movement in funds</b>	<b>(338,641)</b>	<b>(5,000)</b>	<b>(343,641)</b>
Total funds brought forward	6,358,920	2,537,835	8,896,755
<b>Total funds carried forward</b>	<b>6,020,279</b>	<b>2,532,835</b>	<b>8,553,114</b>