

Company Registration  
Charity Registrations

England  
Scotland

No 611250  
No 219763  
No SCO 40432

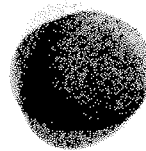
## Contents

Charitable company information	1
Directors' report, incorporating the Strategic Report	2-9
Independent auditor's report	10-12
Statement of financial activities (incorporating the income and expenditure account)	13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16-34

Annual report and financial statements  
for the year ended 30 September 2017

## **SIM International (UK)**

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



**SERVING IN  
MISSION  
SIM**

## **Charitable company information**

---

**Registered office**

Wetheringsett Manor  
Wetheringsett  
Stowmarket  
Suffolk  
IP14 5QX

**Directors**

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

**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 2017**

### **Directors' Report, incorporating the Strategic Report**

---

**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 2017.

#### **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 merger with MECO UK & Ireland which completed on 1st October 2016 extended the work of the mission into the Middle East.

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.

#### **Structure, Governance and Management**

The following were directors for the whole of the period from 1 October 2016 to the date of this report unless otherwise stated:

Dr. T. Cudmore	Chair from 5 <sup>th</sup> May 2017
Mrs. G. Phillips	Chair until 5 <sup>th</sup> May 2017
Mr. J Dyer	Deputy Chair from 5 <sup>th</sup> May 2017
Mr D.M. Heasman	Deputy Chair from 5 <sup>th</sup> May 2017
Rev. A.J. Hornal	Deputy Chair until 5 <sup>th</sup> May 2017 (Resigned on 5 <sup>th</sup> May 2017)
Mrs M. Gillies	
Mr P. Shelley	
Mr S.P. Smith	
Mr. N.R.J. Younge	
Miss A. Lijcklama à Nijeholt	
Dr A.B. Harris	Appointed 5 <sup>th</sup> May 2017

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 2017****Directors' Report, incorporating the Strategic Report**

---

**Subgroups**

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 (Resigned on 19<sup>th</sup> September 2017)  
Miss K Dryer  
Dr A.B. Harris (Appointed 26<sup>th</sup> June 2017)

**People Committee**

Mrs M Gillies (Chair)  
Rev Harald Holmgren  
Mr J Nurse  
Mr P Judkins  
Dr. T Cudmore (Resigned on 5th May 2017)

**Operational Management**

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. T. J. McMahon	Strategic Development Director
Mrs. D.C. Agnes	Member Care & Mobilisation Director

**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.

**Volunteers**

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.

## **Directors' Report, incorporating the Strategic Report**

---

### **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.

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 data protection, charity law and employment law.

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

## **SIM International (UK)**

**For the year ended 30 September 2017**

### **Directors' Report, incorporating the Strategic Report**

---

#### **Objectives and Activities**

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

## **Directors' Report, incorporating the Strategic Report**

---

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

The charity has continued to develop its core activities of enabling UK churches to send and receive missionaries, and supporting those missionaries. In 2017 a total of 170 (2016: 152) missionaries served in cross-cultural mission. At the end of the year there were 124 long term missionaries (2016: 95) and 28 on short term assignments (2016: 20) serving with Serving In Mission. There was 1 missionary from overseas serving with a UK church. (2016:0) The charity has continued to receive and send funding for numerous projects around the world.

On 1st October 2016, SIM merged with MECO UK & Ireland. The work of MECO transferred to the UK including 11 long term 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 2017 SIM and its campaign partners launched the 10:14 prayer initiative which called on Christians globally to pray for workers to be sent to minister to refugees. Thousands joined in prayer across many countries. We also launched a new website – [www.howwilltheyhear.net](http://www.howwilltheyhear.net) and identified over 53 Ministry opportunities for gospel workers to share Jesus Christ with refugees and migrants. The Campaign has caught the imagination of SIM mobilisers around the world and also of SIM's partners with now twelve partners, all actively working together to mobilise prayer and people and to prepare to receive workers across Europe, the UK and the Middle East.

ENGAGE is one of the five routes into mission service through Serving In Mission for overseas gospel workers into cross-cultural ministry. The programme seeks to work hand in hand with UK evangelical churches, as well as the global Church through SIM's extensive network of national church partnerships, to receive and place gospel-workers to help resource and mobilise the local urban Church to fulfil its vision of discipleship-making among multi-ethnic communities where Christ is least known. The programme is presently in the pilot phase and will be reviewed in 2018.

The three-fold aim of the programme is:

- 1) for churches to impact their local multi-ethnic community for Christ
- 2) to strengthen churches in effective gospel ministry amongst people from diverse ethnic backgrounds and that a new generation of gospel-workers may be raised-up to go,
- 3) received gospel-worker to gain experience and grow through their cross-cultural placement.

The Board have been considering the best location for the headquarters of Serving In Mission since 2014. In October 2017 they decided that the Stratford area of London is the most strategic location for SIM UK in the future. This decision was made after consultation with mission members, supporting churches and staff. The criteria for the location were:

- To be able to serve the diversity of the UK evangelical church in the years ahead, as we send and receive workers
- To be able to recruit effectively, representing the diversity of the UK evangelical church
- To be more accessible to UK roads, rail and international airports
- To be able to partner and collaborate effectively in the years ahead.
- To be cost effective (feasible)
- To be in a position where some current staff and leadership will be able to commute to the new location

## **SIM International (UK)**

**For the year ended 30 September 2017**

### **Directors' Report, incorporating the Strategic Report**

---

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 2018 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.

#### **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; and
- 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.



## **SIM International (UK)**

**For the year ended 30 September 2017**



### **Directors' Report, incorporating the Strategic Report**

---

#### **Fundraising Activities**

The Stewardship team worked with individuals, major donors, trusts and churches to stimulate voluntary donations. They informed and enabled donors to give to missionaries, projects and the general fund. Following the merger with MECO UK & Ireland, additional donors gave to general fund, additional projects and additional missionaries. Unrestricted donations, not including legacies, totalled £377k (2016: £282k). The cost of generating these donations was £141k (2016: £123k).

Serving In Mission does not use third party fundraisers and does not buy or sell personal data. The charity is listed on the public register of the Fundraising Regulator and is committed to following the Code of Fundraising Practice.

The Stewardship team have formulated a plan to review the data protection policy and to be fully compliant with GDPR by 25<sup>th</sup> May 2018. The Board is regularly updated about GDPR and other Stewardship plans.

#### **Financial Results**

The merger with MECO UK & Ireland has impacted the financial statements in various ways. The merger has been treated for accounting purposes as an acquisition. The gain on merger was £1,093k of which £74k represented restricted funds of missionaries and projects. The remaining £1,019k included the MECO office property in Tunbridge Wells, valued at its net sale proceeds of £751k. £75k of this was designated to the migrant ministry project. The remaining £676k has been treated as a designated fund. The Trustees will consider how these funds should best be used. The relocation to Stratford London may require a substantial part of this fund, as well as some of the special reserves.

The increase in number of missionaries has resulted in increased support for missionaries by 19.7%, £2,389k (2016: £1,994k) and increased missionaries' costs by 14.8% to £2,291k (2016: £1,995k)

The increase in project expenditure £749k (2016: 354k) mirrored an increase in income for projects £673k (2016: £323k). Income for the acquired projects in the Middle East was £134k. One church gave £68k for the ACTS project overseen by SIM Ethiopia.

2017 was a good year for the charity's investments. There were gains on the investments of £40k. (2016: £63k). The income from interest and dividends was £51k (2016: £54k).

The main financial risk remains the reliance on the growth of unrestricted donated income in response to the work of the Stewardship team and communications with supporters. The trustees will keep a careful eye on how this income stream develops. The cost of the proposed relocation of the headquarters to Stratford, London will be carefully weighed against the benefits of greater ethnic diversity and better geographic connectedness. The possible increase in running costs will be assessed before the precise location is finalised. The charity will explore strategic partnerships with other organisations which may also relocate to Stratford, London.

As we look to the future, we see political and economic uncertainties associated with Brexit. 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.

## **Directors' Report, incorporating the Strategic Report**

---

### **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 Charitrak Common Investment Fund, managed by Blackrock and specifically designed for charities.

### **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.

General Funds held at 30 September 2017 were £499k, equivalent to 6 months of running costs. The Special Project Funds held at the year-end 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 2017 were £902k (2016: £905k).

Endowment, Restricted and Designated funds are excluded from the reserves calculation along with the Asset Fund which is not liquid. Debtors are also excluded from the available funds. The increase in debtors to £254k (2016: £164k) is due to an increase in legacies left but not received in the financial year.

### **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.

### **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

Date: 8 February 2018

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

**For the year ended 30 September 2017**

---

## **Opinion**

We have audited the financial statements of SIM International (UK) (the 'charity') for the year ended 30 September 2017 which comprise of the Statement of financial activities (incorporating the income and expenditure account), the Balance sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

**For the year ended 30 September 2017**

---

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the Directors' Report which incorporates the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report which incorporates the Strategic Report has been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report which incorporates the Strategic Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

**For the year ended 30 September 2017**

---

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the Directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

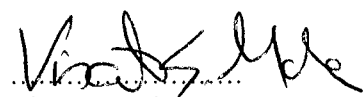
### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditors 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Vincent Marke

(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: 6/3/2018

**Statement of financial activities (incorporating the income and expenditure account)**
**For the year ended 30 September 2017**

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2017 £	Total 2016 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income:						
Donations and similar income	3	881,992	3,061,588	-	3,943,580	3,056,217
Legacies		159,012	5,000	-	164,012	93,931
Interest and investment income	4	43,350	7,719	-	51,069	53,939
Other incoming resources		44,681	-	-	44,681	78,331
<b>Total incoming resources</b>	<b>5</b>	<b>1,129,035</b>	<b>3,074,307</b>	<b>-</b>	<b>4,203,342</b>	<b>3,282,418</b>
<b>Expenditure on Raising Funds</b>		141,549	-	-	141,549	122,718
<b>Expenditure on Charitable activities</b>						
Missionaries		10,002	2,280,946	-	2,290,948	1,995,172
Ministry		187,106	-	-	187,106	223,024
Projects		-	748,641	-	748,641	376,901
Services for Missionaries		410,655	-	-	410,655	354,454
Mobilisation		525,813	-	-	525,813	425,737
<b>Total resources expended</b>	<b>7</b>	<b>1,275,125</b>	<b>3,029,587</b>	<b>-</b>	<b>4,304,712</b>	<b>3,498,006</b>
<b>Net income / expenditure before investments gains</b>		<b>(146,090)</b>	<b>44,720</b>	<b>-</b>	<b>(101,370)</b>	<b>(215,588)</b>
Reclassification of fixed assets	12	(129,251)	-	-	(129,251)	-
Loss on disposal of fixed assets		(46)	-	-	(46)	-
Net Gains / (losses) on investments		40,401	-	(11,981)	28,420	63,268
Gain on Merger with MECO	25	1,019,334	73,934	-	1,093,268	-
Deficit on defined benefit pension scheme		(51,000)	-	-	(51,000)	-
Transfers between funds		-	-	-	-	-
<b>Net movement in funds</b>		<b>733,348</b>	<b>118,654</b>	<b>(11,981)</b>	<b>840,021</b>	<b>(152,320)</b>
Fund balances brought forward	19	2,838,870	921,366	223,977	3,984,213	4,136,533
<b>Fund balances carried forward</b>	<b>19</b>	<b>3,572,218</b>	<b>1,040,020</b>	<b>211,996</b>	<b>4,824,234</b>	<b>3,984,213</b>

The notes to the financial statements on pages 16 to 34 form part of these accounts.

**Balance sheet at 30 September 2017**

Company Number: 611250

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	10	997,521		610,590	
Intangible fixed assets	11	15,966		21,288	
Investment property	12	-		517,003	
Investments	13	921,555		793,135	
			1,935,042		1,942,016
<b>Current assets</b>					
Debtors	14	254,053		164,088	
Current asset investments	15	1,584,913		1,673,490	
Cash and cash equivalents	16	1,614,813		671,271	
			3,453,779		2,508,849
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	17		(459,103)		(398,226)
<b>Net current assets</b>			2,994,676		2,110,622
Creditors: Amounts falling due After one year	17		(105,484)		(68,427)
<b>Total assets less current liabilities</b>			<b>4,824,234</b>		<b>3,984,212</b>
<b>The funds of the charity:</b>					
Unrestricted funds					
Asset fund		1,013,487		1,019,630	
Revaluation fund		-		129,251	
Designated funds		1,489,437		718,906	
Special project funds		570,294		506,285	
General fund		499,000		464,798	
			3,572,218		2,838,870
Restricted funds			1,040,020		921,366
Endowment fund			211,996		223,977
	19		<b>4,824,234</b>		<b>3,984,212</b>

The notes to the financial statements on pages 16 to 34 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 8 February 2018 and signed on its behalf by:

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

**Statement of cash flows**  
**For the year ended 30 September 2017**

	2017 £	2016 £
Net movement funds	840,021	(152,320)
Adjustments for:		
Depreciation	3,694	3,967
Loss / (profit) on sale of property, plant & equipment	46	(23,102)
Reclassification of fixed assets	129,251	-
Amortisation	5,322	7,096
(Gain) / loss on investments	(28,420)	(70,552)
Dividends and interest from investments	(51,069)	(53,939)
(Increase) / decrease in debtors	(83,567)	9,643
Increase in creditors	30,470	73,173
Gain on Merger with MECO, net of cash acquired	(692,142)	-
<b>Cash generated from operations</b>	<b>153,606</b>	<b>(206,034)</b>
Interest paid	-	-
Tax paid	-	-
<b>Net cash inflow (outflow) from operating activities</b>	<b>153,606</b>	<b>(206,034)</b>
Purchase of property, plant and equipment	-	(3,720)
Proceeds on disposal of property, plant and equipment	750,290	103,102
Purchase of intangible fixed assets	-	(28,384)
Proceeds on disposal of investments	-	50,000
Net cash (placed)/returned (to)/from fixed notice accounts	(11,423)	100,000
Interest received	51,069	53,939
<b>Net cash inflow from investing activities</b>	<b>789,936</b>	<b>274,937</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>943,542</b>	<b>68,903</b>
Cash at beginning of year	671,271	602,368
<b>Cash at end of year</b>	<b>1,614,813</b>	<b>671,271</b>



## **Notes to the financial statements**

### **For the year ended 30 September 2017**

---

#### **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 Financial Reporting Standard 102 ("FRS 102") 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 (refer to note 2.14).

##### **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 2017**

---

#### **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.

#### **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.

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2017**

---

**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 2017

#### 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:

- Depreciation and amortisation - which is calculated in order to write down tangible fixed assets to their residual value over their economic life.
- Accrued legacies – which are recognised to the extent that entitlement, value and certainty can be reliably measured at the balance sheet date.
- Pension accrual – which is accrued using the latest triennial pension report. At 30<sup>th</sup> September 2017, the Directors have accrued an estimate of the year end accrual based on the first draft of the 2017 triennial pension report, to be finalised during 2018.

### 3 Analysis of donations

	Un- restricted £	Restricted £	En- dowment £	2017 £	2016 £
Donations for Missionaries	-	2,388,977	-	2,388,977	1,994,280
Donations for Projects	-	672,611	-	672,611	323,036
Donations for Ministry	166,784	-	-	166,784	165,878
Service Charges	338,654	-	-	338,654	291,030
Unrestricted Donations	376,554	-	-	376,554	281,993
	<b>881,992</b>	<b>3,061,588</b>	<b>-</b>	<b>3,943,580</b>	<b>3,056,217</b>

## Notes to the financial statements (continued)

### For the year ended 30 September 2017

#### 4 Interest and investment income

	2017	2016
	£	£
Interest on bank deposits	25,030	28,227
Investment income – Common Investment Funds	26,039	25,712
	<u>51,069</u>	<u>53,939</u>

#### 5 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:

	2017	2016
	£	£
UK	3,862,410	2,985,257
Donor agencies (Northern Europe)	90,751	80,666
Other SIM offices	250,181	216,495
	<u>4,203,342</u>	<u>3,282,418</u>

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

The surplus on missionary activities is stated after charging / (crediting):

	2017	2016
	£	£
(Gain) on exchange	(3,721)	(6,197)
Depreciation of fixed assets	3,694	3,967
Amortisation of intangible assets	5,322	7,096
Operating lease rentals	2,618	2,938
Auditors' remuneration (inc VAT)	<u>11,000</u>	<u>10,500</u>

## Notes to the financial statements (continued)

### For the year ended 30 September 2017

#### 7 Total resources expended

	Staff Costs £	Other Costs £	2017 £	2016 £
Costs of generating voluntary income	100,877	40,672	141,549	122,718
Missionaries' Costs	-	2,290,948	2,290,948	1,995,172
Missionaries' Ministry	-	187,106	187,106	223,024
Projects	49,994	698,647	748,641	376,901
Services for Missionaries	276,645	134,010	410,655	354,454
Mobilisation	370,085	155,728	525,813	425,737
	<u>797,601</u>	<u>3,507,111</u>	<u>4,304,712</u>	<u>3,498,006</u>

#### 8 Staff costs

	2017 £	2016 £
Salaries	676,878	557,297
Social Security Costs	53,285	46,967
Other Pension Costs	67,438	53,608
	<u>797,601</u>	<u>657,872</u>

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

	2017	2016
Management	4	4
Mobilisation	10	8
Administration	13	11
	<u>27</u>	<u>23</u>

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

### **For the year ended 30 September 2017**

---

#### **8 Staff costs (continued)**

The key management personnel are recognised as 4 members of staff (UK Director, Finance & Stewardship Director, Strategic Development Director and Member Care & Mobilisation Director). The total remuneration for these staff totalled £152,224 (2016: £151,636). This included pension contributions of £14,160 (2016: £12,814).

One Director was employed during the year and the remuneration package totalled £41,137 (2016: £39,399) for the year including £3,828 (2016: £2,854) 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 prior year.

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

Two Directors claimed travel expenses totalling £182 (2016: £231) during the year.

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.

MECO had a similar arrangement for some retired personnel before merger, who have now been included in this group; £100,000 of the unrestricted MECO funds were added to the designated fund mentioned in note 19.

#### **9 Taxation**

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

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2017**

**10 Tangible fixed assets**

	Freehold property £	Equipment £	Vehicles £	Total £
<b>Cost</b>				
At 1 October 2016	795,520	213,557	3,000	1,012,077
Reclassification from investment property (see note 12)	387,752	-	-	387,752
Additions on merger (see note 25)	750,290	3,000	-	753,290
Disposals	(750,290)	-	(3,000)	(753,290)
At 30 September 2017	<b>1,183,272</b>	<b>216,557</b>	<b>-</b>	<b>1,399,829</b>
<b>Depreciation</b>				
At 1 October 2016	196,831	201,783	2,874	401,488
Eliminated on disposal	-	-	(2,874)	(2,874)
Charge for the year	-	3,694	-	3,694
At 30 September 2017	<b>196,831</b>	<b>205,477</b>	<b>-</b>	<b>402,308</b>
<b>Net Book Value</b>				
At 30 September 2016	596,689	11,774	126	610,589
At 30 September 2017	<b>986,441</b>	<b>11,080</b>	<b>-</b>	<b>997,521</b>

**11 Intangible fixed assets**

	Software £	Total £
<b>Cost</b>		
At 1 October 2016	28,384	28,384
Additions	-	-
Disposals	-	-
At 30 September 2017	<b>28,384</b>	<b>28,384</b>
<b>Depreciation</b>		
At 1 October 2016	7,096	7,096
Charge for the year	5,322	5,322
At 30 September 2017	<b>12,418</b>	<b>12,418</b>
<b>Net Book Value</b>		
At 30 September 2016	21,288	21,288
At 30 September 2017	<b>15,966</b>	<b>15,966</b>



## Notes to the financial statements (continued)

### For the year ended 30 September 2017

#### 12 Investment property

	2017	2016
	£	£
<b>Valuation</b>		
At 1 October	517,003	517,003
Reversal of historic revaluations, to be held at historic cost	(129,251)	
Reclassification to tangible fixed assets (see note 10)	(387,752)	-
At 30 September	<u>-</u>	<u>517,003</u>

During the prior year, 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.

As at 30 September 2017, no parts of the property were being rented out. At the balance sheet date it is not the intention of the Directors to rent any parts out in the future. Therefore the investment property has been reclassified to tangible fixed assets at historic cost.

#### 13 Fixed asset investments

	2017	2016
	£	£
<b>Unlisted Investments</b>		
Cash deposits maturing in more than 12 months	<u>200,000</u>	<u>100,000</u>
<b>Listed Investments – at market value</b>		
At 1 October	693,135	679,874
Sales & Maturities	-	(50,000)
Unrealised Gain	40,401	63,261
Unrealised Loss	(11,981)	-
At 30 September	<u>721,555</u>	<u>693,135</u>
<b>Total fixed asset investments</b>	<u><b>921,555</b></u>	<u><b>793,136</b></u>

The historical cost of listed investments at the balance sheet date was £559,896 (2016: £559,896).

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2017**

---

**14 Debtors**

	2017	2016
	£	£
Due from other SIM offices	40,799	75,225
Other debtors	31,903	19,387
Missionaries' Personal Funds (see note 18)	1,724	1,002
Gift Aid	23,756	-
Prepayments & Accrued Income	155,871	68,473
	<u>254,053</u>	<u>164,087</u>

**15 Current asset investments**

	2017	2016
	£	£
Cash deposits	<u>1,584,913</u>	<u>1,673,490</u>

**16 Cash and cash equivalents**

	2017	2016
	£	£
Cash at bank and in hand	<u>1,614,813</u>	<u>671,271</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2017**
**17 Creditors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts due within one year</b>		
Due to other SIM offices	68,411	35,693
Taxation & Social Security	20,108	18,546
Other Creditors	165,221	154,105
Missionaries' Personal Funds (see note 18)	158,409	115,011
Accruals & Deferred Income	33,106	61,117
Pension Deficit	13,848	13,753
	<b>459,103</b>	<b>398,226</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts due after one year</b>		
Pension Deficit	<b>105,484</b>	<b>68,427</b>

**18 Missionaries personal funds**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Balance at the beginning of the year	114,009	98,274
Allowances and transfers	836,312	649,167
	950,321	747,441
Less: Payments from personal accounts	(793,636)	(633,432)
Balance at the end of the year	<b>156,685</b>	<b>114,009</b>
(See notes 14 and 17)		

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2017**

19 Funds	-----Unrestricted-----							
	Asset fund £	Revaluation fund £	Designated funds £	Special Project funds £	General fund £	Restricted funds £	Endowment fund £	Total funds £
<b>Balance at 1 October 2015</b>	1,078,590	129,251	797,842	531,211	459,158	933,475	207,006	4,136,533
Net income / expenditure before investments gains	(11,063)	-	(51,936)	(2,846)	(137,634)	(12,109)	-	(215,588)
Unrealised gain/(loss) on investments	-	-	-	-	46,297	-	16,971	63,268
Realised gain/ (loss) on investments	(47,897)	-	(27,000)	(22,080)	96,977	-	-	-
<b>Balance at 30 September 2016</b>	<b>1,019,630</b>	<b>129,251</b>	<b>718,906</b>	<b>506,285</b>	<b>464,798</b>	<b>921,366</b>	<b>223,977</b>	<b>3,984,213</b>
Net income / expenditure before investments gains	(9,016)	-	(60,913)	(12,533)	(63,628)	44,720	-	(101,370)
Reclassification of fixed assets	-	(129,251)	-	-	-	-	-	(129,251)
Loss on disposal of fixed assets	-	-	-	-	(46)	-	-	(46)
Unrealised gain/(loss) on investments	-	-	-	-	40,401	-	(11,981)	28,420
Gain on Merger with MECO	753,290	-	-	-	266,044	73,934	-	1,093,268
Deficit on defined benefit pension scheme	-	-	-	-	(51,000)	-	-	(51,000)
Transfers	(750,417)	-	831,444	76,542	(157,569)	-	-	-
<b>Balance at 30 September 2017</b>	<b>1,013,487</b>	<b>-</b>	<b>1,489,437</b>	<b>570,294</b>	<b>499,000</b>	<b>1,040,020</b>	<b>211,996</b>	<b>4,824,234</b>

## Notes to the financial statements (continued)

### For the year ended 30 September 2017

#### 19 Funds (continued)

Unrestricted funds:

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 £421,022 (2016: £374,197) in respect of the voluntary pension payments mentioned in note 21. It also includes £675,290 from the sale of the MECO office property which the trustees have designated for strategic developments.

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

The transfer out of general funds represents the designation of the sale proceeds of the MECO office property. The surplus of general funds above 6 months of running costs was transferred to special projects. The £499,000 remaining in General Fund represents 6 months of running costs.

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.

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>
Balance at 30 September 2016	794,520	39,641	65,853	21,352	921,366
Net movement	150,593	(29,484)	(15,165)	12,710	118,654
<b>Balance at 30 September 2017</b>	<b>945,113</b>	<b>10,157</b>	<b>50,688</b>	<b>34,062</b>	<b>1,040,020</b>

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

## Notes to the financial statements (continued)

### For the year ended 30 September 2017

#### 20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total Funds £
Tangible Fixed Assets	997,521	-	-	997,521
Intangible Fixed Assets	15,966	-	-	15,966
Investment Property	-	-	-	-
Investments	709,560	-	211,996	921,556
Current Assets	2,413,758	1,040,020	-	3,453,778
Current Liabilities	(459,103)	-	-	(459,103)
Long Term Liabilities	(105,484)	-	-	(105,484)
	<b>3,572,218</b>	<b>1,040,020</b>	<b>211,996</b>	<b>4,824,234</b>

#### 21 Pension costs

The pension charge represents contributions payable by the charity to pension schemes and amounted to £67,438 (2016: £53,608).

##### 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 £67,438 (2016: £53,608). Contributions payable to the pension schemes at the year end amounted to £NIL (2016: £4,630).

##### Discretionary Supplementary Allowances

As explained in note 8, 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 2017

#### 22 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:

	2017 £	2016 £
Operating Leases expiring under 1 year	2,878	3,436
Operating Leases expiring within 1 to 2 years	5,994	8,707
Operating Leases expiring within 2 to 5 years	-	898
	<u>8,872</u>	<u>13,041</u>

#### 23 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.

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 £194,867.

At 30<sup>th</sup> September 2017, the Directors have accrued an estimate of the year end accrual based on the first draft of the 2017 triennial pension report, to be finalised during 2018. This has resulted in an increase of £51,000 to the accrual over 1 year.

## Notes to the financial statements (continued)

### For the year ended 30 September 2017

#### 23 Contingent liability (continued)

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.

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 2017**

---

**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.

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.

**24 Post balance sheet events**

There are no post balance sheet events.

## Notes to the financial statements (continued)

### For the year ended 30 September 2017

---

#### 25 Merger with MECO UK & Ireland

As explained in the Directors' report, MECO UK & Ireland merged with SIM International (UK) on 1<sup>st</sup> October 2016.

The 'merger' has been accounted for using the acquisition method as this follows the substance of the transaction.

The assets and liabilities transferred were:

	£
Fixed assets (at fair value)	753,290
Stock	745
Debtors	5,654
Cash and cash equivalents	401,126
Current liabilities	(67,547)
	<u><b>1,093,268</b></u>

Represented by:

	£
Unrestricted funds	266,044
Asset funds	753,290
Restricted funds	73,934
	<u><b>1,093,268</b></u>

**Notes to the financial statements (continued)**  
**For the year ended 30 September 2017**
**26 Statement of financial activities – Comparatives**

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Endowment Fund 2016 £	Total Funds 2016 £
<b>Incoming resources</b>				
Incoming resources from general funds				
Voluntary income:				
Donations and similar income	781,566	2,274,651	-	3,056,217
Legacies	55,931	38,000	-	93,931
Interest and investment income	45,384	8,555	-	53,939
Other incoming resources	78,331	-	-	78,331
Total incoming resources	<u>961,212</u>	<u>2,321,206</u>	<u>-</u>	<u>3,282,418</u>
<b>Expenditure on Raising Funds</b>	122,718	-	-	122,718
<b>Expenditure on Charitable activities</b>				
Missionaries	38,758	1,956,414	-	1,995,172
Projects	223,024	376,901	-	599,925
Services for Missionaries	354,454	-	-	354,454
Mobilisation	425,737	-	-	425,737
Total resources expended	<u>1,164,691</u>	<u>2,333,315</u>	<u>-</u>	<u>3,498,006</u>
Net Income/expenditure before investment gains	<u>(203,479)</u>	<u>(12,109)</u>	<u>-</u>	<u>(215,588)</u>
Net Gains/(losses) on investments	46,297	-	16,971	63,268
Net movement in funds	<u>(157,182)</u>	<u>(12,109)</u>	<u>16,971</u>	<u>(152,320)</u>
Fund balances brought forward	2,996,051	933,475	207,006	4,136,532
Fund balances carried forward	<u>2,838,869</u>	<u>921,366</u>	<u>223,977</u>	<u>3,984,212</u>