

THE SOUTH AMERICAN MISSION SOCIETY REPORT AND ACCOUNTS

For the year ended 31 January 2018

Registered Charity No. 221328

Registered Company No. 00065048

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

Principal Address

The South American Mission Society
Watlington Road
Cowley
Oxford OX4 6BZ

Legal Status

The South American Mission Society (SAMS), registered Charity Number 221328 (England and Wales), is a company limited by guarantee, registered Company Number 00065048 (England and Wales).

Trustees of the Society (and company directors)

Chair of Trustees - Mr Charles Clayton

Mrs Naomi Aidoo (Appointed 1 January 2018)

Mr Anthony Bargioni

Dr Ian Bromilow (Co-opted 1 January 2018)

Rev Canon Andrew Bowerman (Appointed 1 January 2018)

Mr Beauman Chong

Mr Craig Hampton

Mrs Lonah Hebditch

Mr Peter Hyatt (Elected term ended 31/12/2017, co-opted 01/01/18)

Dr Kevin McKemey (Appointed 1 January 2018)

Mr Salim Munayer

Mr John Stansfeld (Appointed 1 January 2018)

Rev Jane Shaw

Rev Ian Wallace

Trustees who also served during the year were:

Mr Jonathan Brant (Resigned 31 December 2017)

Prof Ian Jones (Resigned 31 December 2017)

Mrs Dione McDonald (Resigned 31 December 2017)

Senior Management Team

Executive Leader

Director of International Mission

Mission Director for Latin America

Director of Church and Community Mission

Director of Mission Education

Director of Finance and Corporate Services

Director of Fundraising for Mission

Rev Canon Philip Mounstephen

Rev Paul Thaxter

Rt Rev Henry Scriven (Retired 31 December 2017)

Mrs Debbie James

Mr Jonny Baker

Mr Charlie Walker

Mr Jim Barker

Principal Professional Advisers

Bankers

Barclays Bank PLC

Oxford Team

Wytham Court

11 West Way

Oxford

OX2 0JB

Auditors

Crowe U.K. LLP

Aquis House

Reading

Berkshire

RG1 1PL

REPORT OF THE TRUSTEES

The Trustees of The South American Mission Society, who are Directors of the Charity for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 January 2018.

Since their merger in 2010, SAMS and CMS operate as a single entity, with one vision and leadership. The statements below apply across the CMS group. This legal entity is a subsidiary of Church Mission Society and reports part of the group's activities in and for Latin America. The consolidated position is given in the Church Mission Society report & accounts [charity 1131655]. The Trustees present their report along with the financial statements for the year ended 31 January 2018.

The South American Mission Society (SAMS) is a community of people in mission obeying the call of God, to proclaim the gospel in all places and to draw all peoples into fellowship with the Lord Jesus Christ.

What do we want to see? Our Vision

Our vision is to see all God's people engaged in God's mission, bringing challenge, change, hope and freedom to the world

As we join in God's mission, through Jesus and in the power of the Spirit we see that:

- The love of Christ renews people and places
- Pioneering leaders forge new paths of transformation
- People on the margins flourish
- The healing of creation begins

Who are we? Our Identity

We are a community of people set free to follow God's call in mission.

As a community it is God's mission that is our passion. Our common commitment is:

- To participate in mission
- To learn from mission
- To pray for mission

What are our values?

We are people who are:

- Pioneering: we try new things, asks questions, cross boundaries
- Evangelistic: we share Jesus in word and action
- Relational: we get alongside people, becoming a genuine part of the communities where we find ourselves
- Faithful: where others have left or given up, we remain committed for the long haul to play their part in the mission of God.

God calls people, both individually and together, to engage in his mission. Our focus is to see both individual disciples and communities of disciples set free to play their part in the mission of God.

What do we do? Our Call

Our call is to see people set free

REPORT OF THE TRUSTEES (continued)

Our Activities

To achieve our mission, we work through:

Mission Partners: Our mission partners are members of the community who feel called to serve alongside local Christians in other cultures, wherever in the world that may take them.

Mission Grants: Grants provide seed money and ongoing financial support for key projects and ministries.

Review of the Year

The South American Mission Society (Latin America region of CMS) has seen some significant changes in the 2017/18 year, whilst it has maintained its focus on mission in Latin America. Henry Scriven retired as Latin America Director in December 2017 and Jo Anthony began maternity leave in the same month. Paul Tester is now Mission Development Manager for Latin America whilst Janet Quarry is covering Jo's maternity leave. Paul's appointment reflects the society's aims to develop a Latin American Mission Movement (mission to, within and from Latin America) working alongside the Latin American Church. He is based in Lima, Peru and began in January 2018.

Henry visited a number of our partners and people in mission during the year, strengthening links whilst also paving the way for the changes already mentioned. The links with the Latin American church, particularly with the Anglican Province of South America, continue to develop. The Primate of the Province, Bishop Greg Venables was part of the selection process for Paul's appointment and is supportive of the development of a Latin American Mission Movement. Paul's recent visit to Argentina strengthened the relationship with him and with the Dioceses of Argentina and Northern Argentina.

As was mentioned last year, there are a number of long term Mission Partners who are approaching retirement in the next two to three years, particularly in Northern Argentina where the impact of their work is clearly evident in both the rural Chaco regions and in urban centres. As some mission partners' service draws to an end, others are beginning their service, exemplified by mission partners in the newly established mission work in Honduras and Guatemala in partnership with regional partners. New Mission Partners have also recently been selected to serve in Brazil and some short termers are currently considering whether they are called to long term mission service. There is a sense of transition as areas of established mission work move towards maturity and self-sustainability whilst there is also a clear sense of new areas of mission work being opened up.

Overseas mission continues to be the key activity of the society, reflected in the twenty two Mission Partner units in service or training for the Latin America region.

Public Benefit

In compiling this report, the trustees have given due regard to the public benefit guidance as issued by the Charity Commission. As 'a community of people in mission obeying the call of God to proclaim the gospel in all places and to draw all peoples into fellowship with the Lord Jesus Christ', SAMS works out its Public Benefit in a number of ways.

SAMS believes the Christian faith is of benefit to society and individuals bringing a vision of transformation for peace and social harmony which grows from what Christians believe is God's ultimate purpose: to bring all things into unity and perfection in Jesus Christ. Most people are likely to become disciples of Jesus if Christians "live a Christ-like life amongst them, share the good news of Jesus, demonstrate God's love and prayerfully expect the spirit's power to transform individuals, communities and whole Nations".

SAMS seeks to demonstrate this benefit through its mission activity in Latin America.

REPORT OF THE TRUSTEES (continued)

Structure, Governance and Management

Corporate governance is as relevant in the voluntary sector as it is in the commercial world. The Trustees of SAMS aim to have high standards of accountability as well as a proper and ethical performance of their duties.

SAMS' governance arrangements

SAMS has one corporate member, Church Mission Society (CMS).

- SAMS is an Association of Members, whose business is governed by its Memorandum and Articles of Association and by a Board of Trustees. An extraordinary general meeting occurred in December 2017 to amend the articles of association.
- The Board of Trustees of SAMS is made up of a maximum of fifteen appointed trustees, appointed by CMS the sole corporate member of SAMS
- The SAMS board mirrors the CMS board, in which due regard is given to the skills required to promote effective governance

The Board of Trustees meets four times a year.

Management structure

The Executive Leader is responsible to the Board of Trustees for the executive management of SAMS' affairs. The Executive Leader leads the organisation using services supplied by CMS in relation to ministry and support functions.

Risk management policy and internal control

The Trustees have reviewed the Group's risk register which incorporates SAMS. This register summarises the major risks the Society faces, and we have highlighted the risks most pertinent to SAMS below

Pensions

SAMS participation in the Church Workers Pension Fund, a multi-employer defined benefit scheme means it is exposed to negative movements in the schemes liabilities and assets. The impact of any negative movements in the pension scheme is likely to result in increased repayments from SAMS. SAMS works with members and where possible the scheme trustees to understand and mitigate these risks wherever possible

Reputation

Damage to reputation is a risk for any organisation and particularly important for a society. Well developed communication and safeguarding processes, both internal to SAMS and with network partners, are key to minimising this risk.

Critical Incidents

In response to the increasing awareness of the security issues faced by SAMS mission partners, robust security procedures have been put in place, security training has been rolled out to relevant high risk personnel and a Crisis Management Team, with clear contingency plans for emergencies, has been implemented.

The Trustees will continue to review operational and business risks faced by the Society on a regular basis, to ensure that they continue to have systems in place to mitigate significant risks, subject also to the risks faced by their parent company, CMS.

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW

SAMS continues to employ its mission partners as staff and provide pension benefits to these staff. Previous ministry areas of SAMS have continued in a significant way as can be seen in the CMS group accounts for the year ended 31 January 2018. Donations and legacies received directly by SAMS, into its bank accounts, are accounted for in these financial statements. Income from donations and legacies came to £177,232 (2017: £343,483). The main reason for the drop in income was the £163,936 fall in legacies compared to prior year, donation income saw a £2,315 increase on prior year. However, the majority of donations by churches and individuals for the work in Latin America are now received and accounted for by SAMS' parent entity, CMS. Each year, CMS transfers a gift to SAMS of restricted funds, which is set against the costs of mission partners who are still employed by the legal entity. CMS, as the parent charity, bears all other SAMS overheads, with the exception of SAMS' audit fee. The overall result for the year ended 31 January 2018 shows an increase in net assets of £108,109. Despite this, SAMS ended the year with negative reserves of (£88,327). The reason being with the adoption of the Charities SORP (FRS 102), SAMS is required to show the liability of the defined benefit pension scheme with the Church Workers Pension Fund ('CWPF') on the balance sheet. The trustees do not consider this an issue as there are sufficient reserves to pay the pension deficit contributions as they fall due over the next 12 months. The Society's reserves will continue to be used to support its mission partners and the wider work of CMS in Latin America.

RESERVES POLICY

Unrestricted: General Funds (Free Reserves)

The reserves policy is reviewed annually, by the Trustees, in light of the specific risks faced by the charity. In 2017/18 SAMS held unrestricted general funds (free reserves) for the following reason

To pay off its pension liabilities in relation to its participation within the CWPF pension scheme. The liability is being paid off over 10 years, but the reserve is deemed necessary because existing income streams are not sufficient to meet the liability. A separate calculation has been performed to work out the reserve

As such the target level of free reserves for SAMS is £1.125m. The free reserves at 31 January 2018 are £1.17m, which is just within the stated target. The recently agreed deficit recovery plan for the CWPF Pension Scheme was close to the limit of what SAMS could afford, due to the potential for adverse movement within the CWPF pension scheme, and the risk of an increase in future contributions.

Once this liability has been paid off all future SAMS income will be solely dedicated to mission activity within South America.

Restricted Funds

The reserves policy for restricted funds is for sufficient assets to be held to meet the obligations of each fund and this is the case as at 31 January 2018

These risks are specific to SAMS and will change each year, as such the overall target is reviewed, adjusted and approved annually by trustees.

INVESTMENT POLICY

The Trustees have the power to invest in such assets as they see fit. The Society sometimes needs to react quickly to particular situations and has a policy of keeping any surplus liquid funds in short term deposits, which can be accessed readily.

REPORT OF THE TRUSTEES (continued)**FUTURE PLANS**

The two key areas of work for SAMS into 2018-19 and beyond remains the recruitment and placement of long-term mission partners within Latin America. It also involves continuing to embed, and where possible grow the local partner programme within the region.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 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; and
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. 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.

In so far as each of the trustees is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each of the trustees has taken all steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITORS

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

The Trustees' Report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies and was approved by the Board of Trustees on 27 July 2018 and signed on their behalf by:



CHARLES CLAYTON - CHAIR OF TRUSTEES

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SOUTH AMERICAN MISSION SOCIETY

Opinion

We have audited the financial statements of The South American Mission Society for the year ended 31 January 2018 which comprise Statement of Financial Activities, Balance Sheet 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 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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2018 and of its incoming resources and application of resources 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 Charities Act 2011.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SOUTH AMERICAN MISSION SOCIETY (CONTINUED)

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 6], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SOUTH AMERICAN MISSION SOCIETY
(CONTINUED)**

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. This description forms part of our auditor's report.



Alastair Lyon

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Reading

Date: 15/8/18 .

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 January 2018

	Note	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Unrestricted Funds £	Restricted Funds £	Total 2017 £
Income from:							
Donations and legacies	3	125,375	51,857	177,232	292,514	50,969	343,483
Gift from parent undertaking	4	-	517,365	517,365	-	387,717	387,717
Investments	5	2,275	-	2,275	4,735	-	4,735
Other		151	56,285	56,436	62	2,424	2,486
Total income		127,801	625,507	753,308	297,311	441,110	738,421
Expenditure on:							
Raising funds		-	-	-	-	-	-
Charitable activities							
People in mission	6	39,546	595,653	635,199	54,495	441,208	495,703
Total expenditure	6	39,546	595,653	635,199	54,495	441,208	495,703
Net income/(expenditure)		88,255	29,854	118,109	242,816	(98)	242,718
Transfers between funds		(47)	47	-	-	-	-
Other (losses) on pension scheme deficit reduction provision	17	(10,000)	-	(10,000)	(85,000)	-	(85,000)
Net movement in funds		78,208	29,901	108,109	157,816	(98)	157,718
Total funds brought forward		(258,748)	62,312	(196,436)	(416,564)	62,410	(354,154)
Total funds carried forward		(180,540)	92,213	(88,327)	(258,748)	62,312	(196,436)

The accompanying notes are an integral part of this Statement of Financial Activities. All gains and losses arising in the year relate to continuing activities.

BALANCE SHEET**As at 31 January 2018**

	Note	2018 £	2017 £
Current assets			
Debtors	11	365,686	432,498
Cash and short term deposits		961,324	881,640
		1,327,010	1,314,138
Current Liabilities			
Creditors: amounts falling due within one year	12	(46,337)	(24,574)
Net current assets		1,280,673	1,289,564
Defined benefit pension scheme liability	17	(1,369,000)	(1,486,000)
Net liabilities		(88,327)	(196,436)
The funds of the charity			
Unrestricted: Free reserves	14	1,170,203	1,208,995
Unrestricted: Designated funds	14	18,257	18,257
Unrestricted: Pension Deficit	14	(1,369,000)	(1,486,000)
Unrestricted funds		(180,540)	(258,748)
Restricted funds	14	92,213	62,312
Total charity funds	14	(88,327)	(196,436)

The accompanying notes are an integral part of this Balance Sheet.

The financial statements on pages 10 to 21 were approved by the Board of Trustees and authorised for issue on 27th July 2018 and signed on their behalf by:



Charles Clayton - Chair of Trustees

NOTES TO THE ACCOUNTS**At 31 January 2018****1 ORGANISATION**

The South American Mission Society (SAMS) is a company limited by guarantee, not having a share capital, and has approval to omit the word 'Limited' from its name. The Society is registered in England and Wales, its company number being 65048. It is also a Registered Charity, number 221328 (England and Wales). The Society is a subsidiary of Church Mission Society ('CMS'), a registered charity in England and Wales (registered number 1131655) and a registered company limited by guarantee, in England and Wales (registered number 6985330). CMS, is the sole corporate member and is considered the ultimate parent undertaking of the Society.

2 ACCOUNTING POLICIES

Basis of preparation The financial statements have been prepared under the historical cost convention.

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

The South American Mission Society is considered to be a public benefit entity under FRS 102.

Assessment of going concern

Having reviewed the financial position, the Trustees consider that there are no material uncertainties about the society's ability to continue as a going concern and have a reasonable expectation that the society has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements. The provision for pension liabilities is not considered an issue as the society has sufficient assets in place to pay the liabilities as they fall due.

Accounting estimates and judgements

The preparation of the financial statements in accordance with FRS 102 requires the trustees to make judgement, estimates and assumptions that affect the reported amounts in the financial statements. The areas involving a higher degree of judgement, or areas where assumptions and estimates were significant to the financial statements, are disclosed in Note 19.

Financial Instruments

The Society only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value (including any transaction costs) and subsequently measured at their settlement value (which is also the amortised cost). Financial assets held at amortised cost include cash and bank in hand and the Society's trade and other debtors, excluding prepayments. Financial liabilities held at amortised cost include the Society's long and short term creditors, excluding deferred income.

Income recognition for donations and legacies and gift from CMS

Income is recognised in the period in which the Society has entitlement to the income, it is probable that the income will be received and the amount of the income can be measured reliably.

Legacy gifts are recognised on a case by case basis following the grant of probate and when the entitlement to the legacy has been established, receipt is probable and the amount of the legacy can be measured reliably. In accordance with this policy, legacies are included when the Society is notified by the Personal Representatives of an estate that a distribution is to be made and the amount involved can be reliably measured.

Donations and legacies receivable by SAMS, are accounted for in these financial statements, however, the majority of donations by churches and individuals for the work in Latin America are now received and accounted for by SAMS' parent entity, CMS. As a consequence, certain income that would historically have been credited to SAMS is now received and accounted for by the parent charity. Each year, CMS transfers a gift to SAMS of restricted funds (see note 4) relating to mission partners who are still employed by its legal entity to reflect the income received by the parent charity.

NOTES TO THE ACCOUNTS**At 31 January 2018****Fund accounting and the allocation of income and expenditure by fund**

Income and expenditure are allocated to two categories of funds: Unrestricted Funds and Restricted Funds.

Unrestricted funds are available for use at the discretion of the trustees to further the Society's general purposes and objectives. All income and expenditure associated with the general operation of the Society has been dealt with in the Unrestricted Funds, including donations and legacies where the donor attaches no specific conditions. A pension reserve is included within unrestricted funds to reflect the pension liability. Designated funds are a portion of unrestricted funds that have been set aside by the trustees for a particular project or purpose.

Restricted funds represent income and donations, the use of which has been specified by the donor. Restricted funds are donated for either a particular geographical area or purpose, the use of which is restricted to that purpose or area.

Resources expended

CMS, as the parent charity, bears all SAMS overheads, with the exception of the employment costs of SAMS' mission partners and its governance costs.

Expenditure borne by SAMS is recognised once there is a legal or constructive obligation committing the society to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis. A liability is recognised when a legal or constructive commitment is entered into by the Society and so a liability exists.

All expenses, including support costs and governance costs, are classified to the applicable expenditure headings in the statement of financial activities. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Pensions

The Society has members in two defined benefit pension schemes. For certain Mission Partners the Society contributes to personal money purchase pension schemes (defined contribution schemes).

Defined contribution schemes

For defined contribution schemes, the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit schemes – multi employer schemes

The Society participates in the Church of England Defined Benefits Scheme (DBS) and the Church of England Pension Builder Scheme (PBS), both of which are separate sections of the Church Workers Pension Fund (CWPF). The assets of the funds are held separately from those of the Society. In both cases, the schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102 and as the Society is unable to identify its share of the underlying assets and liabilities, contributions are accounted for as if the Scheme were a defined contribution scheme. In accordance with FRS 102, the pensions costs charged to the Statement of Financial Activities in the year are the contributions payable towards benefits and expenses accrued in that year, plus any charge in respect of the impact of deficit contributions. Where a provision is recognised in respect of any agreed deficit recovery payments, this liability represents the present value of the deficit contributions agreed as at the accounting date and is presented after other net assets on the face of the balance sheet.

The classification of the pension scheme deficit reduction provision in the balance sheet and the related charge in the Statement of Financial Activities has been amended from that used in the previous year's financial statements. However there is no change in the amount of the liability, net assets or total funds of the Society, as the change is presentational only.

NOTES TO THE ACCOUNTS**At 31 January 2018**

In addition to these schemes the Society participates in the Church of England Funded Pensions Scheme, also known as the Clergy Pension Scheme, which provides pensions for clergy and licensed lay workers. The Church of England Funded Pensions Scheme is a multi-employer defined benefit scheme but the Society is unable to identify its share of the underlying assets and liabilities. This scheme is therefore accounted for as a defined contribution scheme and follows the treatment adopted for the Society's other defined contribution schemes. However there are no pension costs charged to the SOFA for the reasons set out in Note 17.

Statement of Cash Flows

The Society is a wholly owned subsidiary of CMS and, in accordance with paragraph 1.12(b) of FRS 102, is therefore exempt from the requirement to include a Statement of Cash Flows in its financial statements. The trustees have taken advantage of this exemption and have not presented a Statement of Cash Flows in these financial statements.

3 DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total 2018	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£	£	£	£
Donations from churches and groups	-	35,429	35,429	-	34,285	34,285
Donations from individuals	12,470	16,428	28,898	15,673	16,684	32,357
Legacies	112,905	-	112,905	276,841	-	276,841
	125,375	51,857	177,232	292,514	50,969	343,483

Legacies of which South American Mission Society has been notified but not recognised as income are estimated at £1,000 (2017: £37,215).

4 GIFT FROM PARENT UNDERTAKING

	Unrestricted Funds	Restricted Funds	Total 2018	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£	£	£	£
Gift from parent undertaking	-	517,365	517,365	-	387,717	387,717
	-	517,365	517,365	-	387,717	387,717

5 INCOME FROM INVESTMENTS

	Unrestricted Funds	Restricted Funds	Total 2018	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£	£	£	£
Interest on cash balances	2,275	-	2,275	4,735	-	4,735
	2,275	-	2,275	4,735	-	4,735

NOTES TO THE ACCOUNTS**At 31 January 2018****6 EXPENDITURE ON CHARITABLE ACTIVITIES**

	Direct Costs £	Support Costs £	Total 2018 £	Direct Costs £	Support Costs £	Total 2017 £
Charitable activities						
People in mission						
Mission Partners	595,653	15,946	611,599	441,208	15,895	457,103
Interest cost	23,600	-	23,600	38,600	-	38,600
Total Expenditure	619,253	15,946	635,199	479,808	15,895	495,703

7 SUPPORT COSTS ALLOCATION

	Finance & Administration £	Total 2018 £	Total 2017 £
Charitable activities			
People in mission			
Mission Partners	162	162	111
Pension scheme administration costs	10,600	10,600	10,600
Governance (Note 8)	5,184	5,184	5,184
Total Support Costs	15,946	15,946	15,895

The support costs relate entirely to the activity of supporting Mission Partners. Governance costs related to the running of the Society. They include the costs of the external audits.

8 AUDITORS' REMUNERATION

	2018 £	2017 £
Audit Fees	5,184	5,184
Fees for non-audit services	-	-
	5,184	5,184

NOTES TO THE ACCOUNTS**At 31 January 2018****9 STAFF EMOLUMENTS**

	2018	2017
	£	£
Salaries and allowances	449,357	330,918
Social security cost	1,141	747
Employer's pension contribution – defined contribution scheme	43,762	3,340
Employer's pension contribution – multi-employer scheme	39,681	65,597
	533,941	400,602

Average monthly number of employees was 32 (2017: 29), all of whom are Mission Partners in Latin America.

No employees received emoluments equal to or in excess of £60,000 during the year or prior year. No employee benefits were received by key management personnel for their services during the year or prior year

10 FINANCIAL INSTRUMENTS

The Society has certain financial assets and financial liabilities of a kind that qualify as basic financial instruments. The Society has the following financial instruments:

	2018	2017
	£	£
Financial assets measured at fair value, through profit and loss	-	-
Financial assets measured at amortised cost		
Cash at bank and in hand	961,324	818,640
Amounts due from group undertakings	359,738	412,261
Other receivables	5,948	20,237
Financial liabilities measured at amortised cost		
Other creditors due within one year (excluding tax and deferred income)	(46,196)	(24,544)

11 DEBTORS

	2018	2017
	£	£
Trade debtors	4,580	2,424
Taxation recoverable	468	1,120
Amounts due from group undertakings	359,738	412,261
Accrued income	900	16,693
	365,686	432,498

NOTES TO THE ACCOUNTS**At 31 January 2018****12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Trade creditors	3,498	7,236
Accruals	5,184	5,184
Taxes and social security costs	16,131	6,296
Other creditors	21,524	5,858
	46,337	24,574

Included in "other creditors" are pension contributions of £8,086 (2017: £5,853) in respect of the society's pension schemes.

13 NET ASSETS BY FUND

	Unrestricted	Restricted	Total
	£	£	£
Current assets	1,207,077	119,933	1,327,010
Current liabilities less than one year	(18,617)	(27,720)	(46,337)
Defined benefit pension scheme liability	(1,369,000)	-	(1,369,000)
Net Liabilities 2018	(180,540)	92,213	(88,327)
Net Liabilities 2017	(258,748)	62,312	(196,436)

NOTES TO THE ACCOUNTS**At 31 January 2018****14 RECONCILIATION OF FUNDS**

	At 1 February 2017 £	Incoming Resources £	Outgoing Resources £	Other gains and losses £	Transfers £	At 31 January 2018 £
Free reserves	1,208,995	127,801	(15,946)	-	(150,647)	1,170,203
Thanksgiving Fund (Designated)	18,257	-	-	-	-	18,257
Pension Deficit (Designated)	(1,486,000)	-	(23,600)	(10,000)	150,600	(1,369,000)
Unrestricted funds	(258,748)	127,801	(39,546)	(10,000)	(47)	(180,540)
Mission Personnel Funds (Restricted)	62,312	625,507	(595,653)	-	47	92,213
Total	(196,436)	753,308	(635,199)	(10,000)	-	(88,327)

Designated funds

The Thanksgiving Fund was established to ensure that a proportion of the proceeds from the sales of the Society's properties benefited approved building projects undertaken by the church overseas.

The pension reserve relates to the defined benefit pension scheme (see note 17 for further details)

Restricted funds

Mission Personnel Funds are held as individual restricted funds for the support of SAMS Mission Partners.

15 TRUSTEES' EXPENSES

The Trustees receive no remuneration for their services, there were no expenses to reimburse in respect of expenses attending meetings (2017: £0) and there were no other costs (2017: £0) relating to trustee meetings.

16 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The Society has taken advantage of the exemptions allowed by FRS102 not to disclose transactions with other group members. There were no related party transactions requiring disclosure during the year. Church Mission Society is the sole corporate member of the society, which is the controlling party. The registered address of Church Mission Society is CMS House, Watlington Road, Oxford, OX4 6BZ. A copy of the group accounts is also available from this address.

17 RETIREMENT BENEFITS**Defined Benefit Schemes - Church of England Funded Pensions Scheme**

The Society has 7 active members of the Church of England Funded Pensions Scheme which has approximately 8,400 active members. Contributions for these members of the scheme are paid for by the Archbishops Council on behalf of the Society.

Multi-Employer Defined Benefit Schemes – Church of England Defined Benefits Scheme

The Society participates in the Defined Benefits Scheme section of Church Workers Pension Fund ("CWPF") for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Defined Benefits Scheme ("DBS") section of the CWPF provides benefits for lay staff based on final pensionable salaries.

NOTES TO THE ACCOUNTS**At 31 January 2018****17 RETIREMENT BENEFITS (CONTINUED)**

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme.

The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2018:£10,000, 2017:£10,000), plus any impact of deficit contributions (see below) giving a total charge in the year ended 31 January 2018 of £43,600 (2017: net charge of £134,000).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent scheme valuation completed was as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the CWPf to pay expenses of £10,600 per year.

In addition deficit payments of £150,600 per year were agreed for 12.75 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

In accordance with Section 28.11A of FRS 102 the agreed deficit recovery payments are recognised as a liability. The movement in the provision is set out below:

	2018	2017
	£	£
Pension scheme deficit reduction provision		
Balance sheet liability at 1 February	1,486,000	1,513,000
Deficit contribution paid	(150,600)	(150,600)
Interest cost (recognised in SOFA)	23,600	38,600
Remaining change to the balance sheet liability*(recognised in SOFA), comprising the change in agreed deficit recovery plan and the change in discount rate between year-ends	10,000	85,000
Balance sheet liability at 31 January	1,369,000	1,486,000

NOTES TO THE ACCOUNTS**At 31 January 2018****17 RETIREMENT BENEFITS (CONTINUED)**

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

	2018	2017
	%pa	%pa
Discount Rate at end of year	1.60	1.70
Discount Rate at start of year	1.70	2.70

The legal structure of the scheme is such that if another employer fails, the Society could become responsible for paying a share of that employer's pension liabilities.

The next actuarial valuation of the scheme is at 31 December 2016 and this was still ongoing as at 31 January 2018 and agreement was concluded with a new recovery plan in March 2018 under which a one-off deficit contribution of £265,000 will be made, administration expenses of £15,900 will be paid per year, and annual deficit payments of £214,100 will be paid for 10 years from 1 April 2018 onwards.

Multi-Employer Defined Benefit Schemes – Church of England Pension Builder Scheme

The Society also participates in the Pension Builder Scheme section of Church Workers Pension Fund ("CWPF") for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Pension Builder Scheme is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and accordingly contributions are accounted for as if the Scheme were a defined contribution scheme.

The pensions costs charged to the SOFA in the year ended 31 January 2018 are contributions payable of £83,442 (2017: £68,937).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. At 31 January 2018 the December 2016 valuation was ongoing, and post year end the valuation has been completed. The valuation showed the scheme to be £14.2m in deficit, despite the deficit no additional funding is required from any of the employers including SAMS.

During the year, following consultation with our scheme members it was decided to transfer all members from the Pension Builder Classic section to the Pension Builder 2014. The Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016, which was still outstanding as at 31 January 2018.

NOTES TO THE ACCOUNTS**At 31 January 2018****18 CUSTODIAN TRUSTEESHIP**

The Society acts as Custodian Trustee of funds belonging to the Diocese of Uruguay:-

	2018	2017
	£	£
Value at 31 January 2018	5,227	5,212
	<u>5,227</u>	<u>5,212</u>

These funds are not part of the Society's net assets and therefore are not included in the Society's accounts. At the request of the diocese of Uruguay they are deposited with CCLA who manage the Central Board of Finance of the Church of England Investment Funds.

19 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the trustees are required to make estimates and judgements. The matters considered below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations and financial position. Accounting policies are shown in note 2 to the financial statements.

Cost allocation

Costs not attributable to a single activity are allocated or apportioned to activities on a basis consistent with identified cost drivers for that cost category. Cost drivers utilised relate to the proportion of time spent by staff across different activities and judgement is exercised in applying cost drivers to cost categories.

Pension scheme deficit reduction payments

As explained at note 17 there is a deficit reduction plan in place relating to SAMS' membership of the Defined Benefits Scheme section of the CWPF.