

**SONS AND FRIENDS OF THE CLERGY**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**SONS AND FRIENDS OF THE CLERGY**

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# **SONS AND FRIENDS OF THE CLERGY**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

### **Introduction**

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2015 was yet another year of significant change for the Sons and Friends of the Clergy (hereafter referred to as "the Charity"). The Trustees, supported and assisted by the staff, continued to work through the many implications of the amalgamation which had been achieved in 2013 and set a new course for the combined organisation.

Following work undertaken in 2014, Trustees and staff were able to put in place a revised system of grant making from April 2015. The new system has operated well through the remainder of the year and has been largely successful at focusing grants on the applicants most in need of financial assistance. With developments in state benefits and the clarification of benchmarks for assessing applicants' financial situations, we have ensured a more consistent and fair approach to supporting our beneficiaries. The new system is being reviewed in early 2016 in time for any adjustments to take effect from April 2016.

In November 2015 we said farewell to our Registrar, Bishop Graeme Knowles, on his retirement. Having previously been a Trustee of the Charity for some years he knew the way in which the organisation operated. This was enhanced by his deep knowledge and understanding of how the Church of England works. He proved to be a skilled and effective Registrar, advising the Trustees on policy issues as well as the approach to individual cases. It was also apparent that Graeme worked well with the staff at Dean Trench Street and there was laughter and seriousness as he led the staff in new directions, helping them to implement the developing strategy of the Trustees to ensure that the Charity could be true to its roots and be available as a means of support and encouragement for the Church's clergy and their dependants.

After a rigorous process and having been unable to identify a suitable successor for Graeme, as Registrar, the Trustees decided to appoint an Interim Registrar to provide leadership to the Charity and manage its ongoing work and development. Mr Tim Jeffery, an experienced charity CEO and consultant in leadership, strategy and organisational development was appointed to the position. The Trustees agreed a brief of a number of projects for implementation through 2016 that will see significant further development of the Charity. Through the final months of 2015 and the early part of 2016, Trustees have had cause to be extremely optimistic about the quality of leadership and the speed and sensitivity with which Mr Jeffery is bringing about further necessary change.

In 2015, Maggie Cumins, secretary and receptionist, retired after 15 years of loyal service to the Charity. We wish her well in her retirement.

Jane Pattullo joined the Charity in February as Grants Officer, and Verley Summerfield joined in November as Office Administrator. Both Jane and Verley have integrated well within the small team at Dean Trench Street, and are proving to be invaluable members of staff.

Indeed, 2016 is shaping up to be a very exciting and important year in the long history of the organisation. Significant improvements are in progress for the vital infrastructure on which we depend for much of our work. The new website will be live in May. A governance review has been commissioned involving one of the leading experts in the charity field and will be completed in the autumn. Most essentially, we are undertaking a thorough review of our strategy and assessing how best we can serve our beneficiaries over the coming years.

On behalf of the governors and trustees, the Treasurers would like to record their thanks to all the staff for ensuring the continued efficient and effective running of the Charity. We appreciate how they are adapting to, and helping us manage through a time of sustained and significant change.

Following the recent merger, we have endeavoured to maintain a stable Trustee body through 2015 in order to provide consistent leadership and oversight to the Charity. Two colleagues retired as Trustees

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### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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during the year: Sir David Brewer and The Venerable Rodney Whiteman. We wish to express our great debt of gratitude to both of them for the insight and considerable input they made to the Charity over many years.

The continued appreciation articulated by our beneficiaries, gives us confidence that our Charity continues to unfold the aspirations of our founders to support those who serve the people of God through their ministry.

Lady Mawer  
Treasurer

The Right Reverend David Rossdale  
Treasurer

Ms Jill Sandham  
Treasurer

# **SONS AND FRIENDS OF THE CLERGY**

## **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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### **Report of the Court of Assistants of the Sons and Friends of the Clergy**

The Court of Assistants, as the Trustees of the Sons and Friends of the Clergy, presents its report with the audited financial statements for the year ended 31 December 2015.

### **OBJECTIVES AND ACTIVITIES**

The objects of the Charity were established in 2012 through Charity Commission Schemes and an Order in Council as part of the amalgamation, effective 1 January 2013, of the Corporation of the Sons of the Clergy and the Friends of the Clergy Corporation:

“The Charity shall apply the clear yearly income and at its discretion the whole or part of the property of the Charity for the public benefit in providing assistance to beneficiaries, whether directly or indirectly, in such manner as and by such means as the Court of Assistants from time to time in their absolute discretion think fit for the relief or prevention of poverty or hardship or for the relief of illness, whether physical or mental. “Beneficiaries” means members of the clergy, ordinands and the spouses, former spouses, children and dependants of living or deceased members or former members of the clergy or ordinands.

- a) “children” includes adopted children, step-children and persons treated as the children of a marriage or civil partnership.
- b) “civil partners” means the members of a civil partnership within the meaning of Section 1 (1) of the Civil Partnership Act 2004.
- c) “clergy” and “members of the clergy” means bishops, priests and deacons of the Anglican Communion.
- d) “ordinands” means persons who are preparing for ordination as members of the clergy.
- e) the “spouse” of a person means his or her wife, husband, civil partner, widow, widower or surviving civil partner.”

In 2015 the Court of Assistants launched an initiative to evaluate our strategy in the context of these objects.

The main focus of the Charity is to provide assistance to clergy serving primarily within the Church of England, the Church in Wales, the Episcopal Church of Scotland and the Church of Ireland, including the dependents of such clergy.

The Charity's main activity is the provision of discretionary cash grants, helping large numbers of applicants each year with the costs of daily living. Grants are considered as gifts from the Charity and are made at the full discretion of the Trustees to beneficiaries in the furtherance of the charitable objects of the Charity. Applicants are asked to complete an application form giving details of their household's financial circumstances and the Trustees take this information into account when considering applications and awarding grants.

The Charity also maintains three properties that are made available as retirement housing. This scheme is now being wound down, with properties being sold as soon as practicable after they become vacant. Two of the properties are in the process of being sold in 2016.

## **SONS AND FRIENDS OF THE CLERGY**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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In carrying out these activities the Trustees have complied with the duty under section 17(5) of the Charities Act 2011 to have regard to the Charity Commission's guidance on public benefit and they are satisfied that the Charity fulfils its fundamental objects and so provides public benefit.

The Trustees and the members of any committees established by them are the only volunteers directly involved in the work of the Charity. All the Trustees and committee members give their time voluntarily and receive no personal benefit from the charity. Further information on the Trustees and committees is included in the section *Structure, Governance and Management* below. Details of Trustees expenses reclaimed from the Charity are set out in note 9 to the financial statements.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **Grant making process**

In 2015, the Charity made some significant changes to its grant making process, with a view to ensuring that those most in need should benefit. As outlined in our 2014 Report, the basis for the revised grant making process was the recognition that one of the Charity's primary roles is to support the clergy and their dependants in fulfilling the promise made at ordination that the clergy will endeavour to fashion their own life and that of their household according to the way of Christ, that they may be a pattern and example to Christ's people. In assessing the needs of beneficiaries, the Charity noted the assertion of the Central Stipends Authority that, together with the provision of housing costs, the stipend is sufficient in providing the needs of the clergy and their dependants and the Charity gave high regard to the concept of the stipend as a sum which enables the clergy and their dependants to live a life commensurate with that promise made at ordination.

The new process for determining need in the context of grant making was introduced in April 2015 and all grant applications will be transitioned over the course of one year. Our initial impression is that the new process has been successful in many ways in ensuring a more equitable and transparent assessment of need, albeit that there are some specialist areas that may require some further finessing. The Trustees and staff have carried out a formal evaluation of the new process in early 2016 and some changes have been put in place to take effect in April 2016.

##### **Strategy**

As noted above, in 2015 the Trustees launched an initiative to evaluate our strategy in the context of the new objects established as part of the amalgamation process. In January 2016 almost all Trustees participated in an away day. As well as providing an excellent opportunity for the Trustees to get to know each other better and to work more effectively together as a team, we had some very constructive discussions about how the Charity could adapt to better meet the needs of its beneficiaries both today and in the future. A smaller group of Trustees is now taking this work forward and is exploring a number of potential exciting ideas which we hope will shape the Charity to ensure it is using to best effect the resources it is so fortunate to have.

##### **Recruitment**

During the first half of 2015 the Trustees established a Recruitment Committee to take responsibility for the recruitment of a new Registrar to replace the Right Reverend G P Knowles on his retirement. After a thorough and extensive process, the Recruitment Committee concluded that no suitable candidates had been identified. To ensure the smooth running of the organisation and to move forward a number of key initiatives, the Recruitment Committee instead appointed an interim Registrar who started work in November 2015 for a period of eighteen months. The recruitment process to find a new Registrar will recommence later in 2016.

## SONS AND FRIENDS OF THE CLERGY

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### **Outreach**

The Charity launched its new branding and logo in 2015. We had also intended to launch a new website in April 2015, but due to issues with the design company this was not achieved and is now expected to be completed in the summer of 2016.

During the year, the Registrar continued to carry out diocesan visits to meet diocesan bishops and their senior staff. The main purpose of these visits is to ensure that those responsible for the clergy in the diocese are aware of the help that the Charity can provide to those in their care. The visits also provide a useful forum for obtaining feedback on the Charity's work and with regard to the needs of the clergy in that diocese.

The Festival of the Sons and Friends of the Clergy remains one of the principal means of raising public awareness, interest and support for the Charity. The 361st Festival was held in St. Paul's Cathedral on 12th May 2015. The Preacher was the Dean of York, the Very Reverend Vivienne Faull, and her sermon is reproduced after this Report. The choirs of Manchester Cathedral and Portsmouth Cathedral joined with the choir of St. Paul's for the service. Mr Geoffrey Munn, managing director of the London jewellers, Wartski, spoke at the Dinner in Merchant Taylors' Hall following the service. The Service and the Dinner were both well attended and the Trustees wish to record their gratitude to the Dean and Chapter of St Paul's Cathedral to the Master and Wardens of the Merchant Taylors' Company for all their assistance and support in helping to make the Festival the splendid occasion that it is.

#### **Pension fund**

In October 2014 the Trustees committed to wind up the Charity's defined benefit pension scheme (The Corporation of the Sons of the Clergy Retirement Benefit Scheme), which at that time had no active members and two deferred members. The winding up process is complex, but significant progress has been made in 2015 and we hope to complete the process as soon as possible.

#### **Risk Management**

The Trustees have considered the major risks to which the Charity is exposed. The major risks that have been identified and set out below have been reviewed and, where reasonable and practicable, procedures have been established with a view to mitigating the consequences of those risks.

*Market risk* could arise from volatility in global stock markets and uncertainty regarding world economic prospects. The Charity mitigates this by retaining expert investment managers who are instructed to manage the portfolios in accordance with the Charity's Investment Policy and maintain a diversified investment portfolio, overall. The Charity's Finance and Investment Committee has been charged with regular reviews of investment performance. Once a year, there is a formal review of the appointed investment managers.

*Regulatory risk* could arise from failure to comply with legal and regulatory obligations. The Registrar reports to the Court of Assistants regularly on fulfilling statutory requirements. Trustees have taken professional advice including HR advice where required. In March 2016, the trustees commissioned an independent agency to conduct a governance review of the Charity.

Internally, *operational risk* could arise from loss of records (paper or computerised), processes incompetently executed, risk of inappropriate staff action and breach of confidentiality, The Charity has a robust procedure for back up of computer records and appropriate storage of paper records. The Grants Review Committee monitor and conduct monthly file audits. There is regular staff training and a confidentiality policy is in place for trustees, staff and advisers.

Externally, *operational risk* could arise from failure of the systems of the investment managers, or those of the custodian. This might result in an inability to provide accurate reporting and monitoring, or a misappropriation of assets. As part of the annual audit of the Charity, the investment managers are required to produce a custody of investments report which considers their systems of internal controls and safeguarding procedures.

## **SONS AND FRIENDS OF THE CLERGY**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **Grants**

During the year, the Charity awarded 992 (2014: 1,328) discretionary grants to individuals and 3 (2014: 4) discretionary grants to organisations. The majority of the grants were given to clergy and other eligible beneficiaries for general welfare purposes, with other significant support given for school fees, university maintenance, debt relief and books for ordinands. Although the number of grants awarded in 2015 fell from 2014 levels, beneficiaries are now only able to receive one grant per annum whereas previously some received multiple gifts in a year, thus accounting for much of the reduction in the number of grants awarded. Further information on the discretionary grants awarded can be found in Note 7 of the financial statements.

Information on the financial performance of the Charity, including the Charity's investment portfolio, is included in the section *Financial Review* below.



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## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### FINANCIAL REVIEW

Total income for the year amounted to £3.389m (2014: £4.024m) including legacies totaling £39K (2014: £683K). Total expenditure amounted to £3.390mm (2014: £3.262m) including an additional £25.3K in respect of the projected costs of winding up the Staff Retirement Benefit Scheme. Net expenditure amounted to £1,507 (2014: net income £761,685). After taking into account this deficit and the net gains on investments, total funds increased by £2,332,474 (2014: £2,995,390).

### Investments and investment performance

Our principal investment objective is to promote and protect the financial interests of the Charity and its beneficiaries by providing an adequate income return whilst as far as possible maintaining the long term value of the funds in real terms. The investment performance is reviewed on a regular basis against agreed benchmarks.

As part of the investment policy, the Trustees have adopted the guidelines provided by the Church's Ethical Investment Advisory Group. The Trustees believe this provides an appropriate balance between ethical considerations and fiduciary responsibilities.

During the year, the Trustees adopted a Statement of Investment Policy.

The investment portfolio is managed by three external managers and is broadly diversified across asset classes and geographical markets. This is expected to reduce the capital risk of a narrower portfolio.

One of these, the Charities Property Fund, managed by Savills Investment Management Ltd., focuses only on property investments. The other two managers have separate performance benchmarks, owing to their differing inception dates and the objectives of the portfolios at those times.

During the year, as set out below, all three portfolios generated positive returns. The Charities Property Fund again achieved the strongest return, while both the Sarasin and Charles Stanley portfolios outperformed their respective benchmarks.

Manager	Value of Portfolio	Portfolio Return	Performance Benchmark	Relative Performance
	£	%	%	%
Sarasin & Partners LLP	26,468,138	3.6	2.8	+0.8
*Charles Stanley & Co Ltd	52,214,285	6.0	1.0	+5.0
Charities Property Fund	8,394,676	12.3	12.5	-0.2

\* Gross of fees

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### Investments and investment performance (continued)

The annualised three and five year returns shown below have also been positive from all three managers and well ahead of inflation. Sarasin has slightly lagged its benchmark after fees but has remained above the median on the WM Total Charities (including Property) universe over all time periods.

Manager Periods ended December 2015 (annualised)	Portfolio Return 3 years	Performance Benchmark	Relative Performance	Portfolio Return 5 years	Performance Benchmark	Relative Performance
	%	%	%	%	%	%
Sarasin & Partners LLP	8.8	8.9	-0.1	7.1	7.6	-0.5
*Charles Stanley & Co Ltd	12.2	7.3	+4.9	11.0	6.0	+5.0
Charities Property Fund	13.6	12.9	+0.7	10.2	9.0	+1.2

\*Gross of fees

Investment markets were volatile during the second half of 2015, and this trend continued at least for the first two months of 2016. At the end of February, the two main portfolios had both declined by about 3.0%, but the Charity continues to use a long-term approach to its investments.

The Finance and Investment Committee plans to review all three managers during the course of 2016 as part of its regular due diligence appraisal.

#### Sources of Funding

The Charity's investment portfolios, themselves largely the result of the generosity of past generations of supporters, make up the major source of funding. The Charity receives no subsidy from any central authority. From time to time, the charity benefits from legacies.

#### Reserves policy

The level of the Charity's overall funds arises primarily as a factor of differentials between, on the one hand, the level of voluntary and investment income and changes in the capital values of its investment portfolios and, on the other hand, the levels of grant-making and of its overhead costs. It is the policy of the Trustees that funds be held such as to enable the Charity to maintain a level of grant-making that balances a proper response to the needs of the current grant applicants with the need to mitigate the risks of future investment performance having a detrimental impact on the Charity's future grant-making activities. The level of grant-making, the investment objectives and the level of reserves are reviewed on a regular basis in the light of this policy.

The Charity invests its surplus unrestricted funds in fixed asset investments. The level of unrestricted funds invested in fixed asset investments is reviewed regularly to ensure that the Charity has sufficient liquid assets to meet the needs of grant applications and the other ongoing costs of the Charity. If necessary, the level of unrestricted fixed asset investments can be reduced by selling funds to ensure sufficient liquid assets are available to meet the needs of the Charity.

#### Funds

The majority of the Charity's funds are held on an unrestricted basis. Certain funds are restricted by their terms as to their use. Details of the various different funds held and of the terms on which each of those funds is held are set out in note 16 to the financial statements.

As at 31 December 2015 the Charity's unrestricted funds were £89.81m (2014 - £87.56m) and the Charity's other funds were £1.63m (2014 - £1.54m).

## SONS AND FRIENDS OF THE CLERGY

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#### PLANS FOR THE FUTURE

It is an exciting time for the Charity. Our financial position is strong and enables us to consider a number of potential opportunities for expanding our work in the context of our objects. During the course of 2016 we will be evaluating a number of ideas to ensure that we are using our resources in the most effective way to meet the needs of our beneficiaries.

Internally, we are evaluating and updating our infrastructure. Changes are being made to our technology platform, a new staff handbook is being collated and an independent review of our Governance procedures will be undertaken in 2016.

As noted above, later in 2016 the Trustees will recommence the recruitment of a new Registrar to lead the Charity into its next phase.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Management Structure

The overall management of the Charity is vested in the Court of Assistants, who are the Trustees of the Charity. The Court of Assistants meets at least eleven times a year in order to transact all the grant-making and other principal business of the Charity.

The members of the Court of Assistants are elected each year by the Governors of the Sons and Friends of the Clergy at the Annual General Court in accordance with the Royal Charter. The Court of Assistants can co-opt others to its number pending formal election at the Annual General Court.

The officers of the Charity are elected by the Governors at the Annual General Court.

##### Committees

At times the Trustees appoint committees to assist them in their work. *Ad hoc* working groups are also set up at such times and for such purposes as the Trustees consider necessary.

The following committees were active during 2015:

##### **Finance and Investment Committee**

The objects of the Finance and Investment Committee are as follows:

- The Finance Committee shall keep under review the Charity's investments and other financial affairs, and make recommendations on them to the Court of Assistants;
- The committee shall receive and consider the Charity's management accounts;
- The committee shall, no less than once a year, meet with the Charity's investment managers and receive their reports;
- The committee shall have the oversight of the Sons' Retirement Benefit Scheme;
- The committee shall have the oversight of the Charity's investment properties and other properties owned by the Charity.

Membership in 2015: Miss A M Brougham, Mr T D D Hoffman, the Reverend W Kennedy, Mr T G Knight, Alderman A Parmley, The Right Reverend D D J Rossdale (Chairman and Treasurer) and Mr P N C Walker.

## SONS AND FRIENDS OF THE CLERGY

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### ***Grants Review Committee***

The objects of the Grants Review Committee are as follows:

- The Grants Review Committee shall keep under review the Charity's grant guidelines, principles and policies, making recommendations on them to the Court of Assistants;
- The committee shall consider any and all matters remitted to them for deliberation from the Court of Assistants, and make recommendations in consequence;
- The committee shall continue to consider the Charity's objective as the relief of poverty amongst the clergy and their dependants in respect of grant guidelines.

Membership in 2015: Lady Mawer (Chairman and Treasurer), Archdeacon C Allsopp, Mrs A Joyce, Mr C D L Menzies, the Right Reverend D D J Rossdale, Ms J F Sandham and the Reverend J J Swanton.

#### ***Recruitment Committee***

This Committee was established in 2015 to take responsibility for the recruitment of a new Registrar to replace the Right Reverend G P Knowles on his retirement. As noted above, the Recruitment Committee concluded that no suitable candidates had been identified through the process in 2015 and the Recruitment Committee instead appointed an interim Registrar. This Committee will renew their remit later in 2016, in preparation for the end of the appointment of the interim Registrar.

Membership in 2015: Lady Mawer (Chairman and Treasurer), the Right Reverend D D J Rossdale, Ms J F Sandham, Miss A M Brougham, Canon C J Davies and Reverend Dr J Dunn.

#### ***Audit Committee***

The Audit Committee's remit is to assist the Trustees in ensuring that there is an effective system of internal control and in meeting their external financial reporting obligations as well as in the oversight of the external auditors.

Membership in 2015: Mr M A Chamberlain (Chairman), the Reverend R F Hunte and Mr J E F Rushworth.

#### ***Trustees' Appointments Committee***

The Trustees' Appointment Committee's remit is to review the skill base of the Court of Assistants and seek out candidates for appointment to the Court of Assistants. The committee shall consider those proposed for appointment, interviewing each possible candidate, and make recommendations to the Court of Assistants as to the appointment of new members.

Membership in 2015: Ms J F Sandham (Chairman and Treasurer), Lady Mawer, the Right Reverend D D J Rossdale, Reverend Dr Jack Dunn, Mr A Gillett and the Reverend R F Hunte.

## **SONS AND FRIENDS OF THE CLERGY**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **New trustees**

The Trustees keep their membership under review in order to ensure a wide and relevant representation within their number. New members are normally recruited from within the relevant skill areas in order to bring to the Trustee body people who not only have the experience and expertise that are sought but who are also sympathetic to the work of the Charity.

All new Trustees are provided with an induction which comprises meetings with one or more of the Officers of the Charity and the Registrar and the provision of relevant background documentation. Amongst the topics covered by the meetings are a brief history of the Sons and Friends of the Clergy, its corporate and fund structure, the grant-making process, the powers, responsibilities and methods of working of the Court of Assistants, and the Charity's investment policies and procedures.

#### **Administration**

The day-to-day administration of the Charity, including the processing of all grant applications prior to their consideration by the Trustees, is handled by the staff of the Charity.

## **REFERENCE AND ADMINISTRATIVE DETAILS**

#### **Incorporation and registration**

The Charity now known as the Sons and Friends of the Clergy ("SFC") was originally founded in 1655 by a group of sons of clergymen and was then incorporated by Royal Charter in 1678 under the name of *the Governors of the Charity for Releefe of the Poore Widdowes and Children of Clergymen*. The Royal Charter was amended in 1971 and again in 2012 and it is this latter amendment granted by the Privy Council in October 2012 which governs the Charity today. Sons & Friends of the Clergy is registered with the Charity Commission for England and Wales with the number 207736.

#### **Linked charity**

The Friends of the Clergy Corporation was incorporated by Act of Parliament in 1849 to provide annuities for widows and dependants of clergy. It is registered with the Charity Commission for England and Wales with the number 207736-41. With effect from 1 January 2013, all assets and liabilities of The Friends of the Clergy Corporation were transferred to Sons and Friends of the Clergy, following completion of the amalgamation process between the Corporation of the Sons of the Clergy and The Friends of the Clergy Corporation.

#### **Principal office**

The principal office of the charity is at 1 Dean Trench Street, Westminster, London SW1P 3HB

## **SONS AND FRIENDS OF THE CLERGY**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **Trustees**

The following were the members of the Court of Assistants throughout 2015 (except as stated below):

The Archbishop of Canterbury

The Bishop of London

The Right Honourable Sir John Chadwick

The Venerable C Allsopp

Sir David Brewer (until November 2015)

Ms A M Brougham

Mrs E F Daley

Canon C J Davies

The Reverend Dr N R Dunn

Mr A J Gillett

Mr T D D Hoffman

The Reverend R F Hunte

Mrs A Joyce

The Reverend W P Kennedy

Mr T G Knight

The Venerable D W Lowman

Lady Mawer

Mr C D L Menzies

Alderman A C Parmley (until February 2016)

Mr J M R Prichard

The Right Reverend D D J Rossdale

Ms J F Sandham

The Reverend J J Swanton

Mr P N C Walker

The Venerable R D C Whiteman (until November 2015)

There have been no changes in the Court of Assistants since 31 December 2015, except for the resignation of Alderman A C Parmley with effect from February 2016.

## **SONS AND FRIENDS OF THE CLERGY**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **Officers**

The officers of the charity during 2015 were as follows:

President	The Archbishop of Canterbury
Vice-President	The Right Honourable Sir John Chadwick
Senior Treasurer	Lady Mawer
Treasurers	The Right Reverend D D J Rossdale Ms J F Sandham

There has been no change in the Charity's officers since 31 December 2015.

#### **Executive officer**

The day-to-day management of the charity is delegated to the Registrar. This post was held by the Right Reverend G P Knowles until his retirement on 30<sup>th</sup> November 2015. Since that time, the responsibilities of the Registrar have been covered by an Interim Registrar, Mr Tim Jeffery, an independent consultant, pending recruitment of new management.

#### **Professional advisers**

The Charity's professional advisers during the year included the following:

##### ***Solicitors***

Thrings LLP  
Kinnaird House  
1 Pall Mall East  
London SW1Y 5AU

RadcliffesLeBrasseur  
5 Great College Street  
London SW1P 3SJ

##### ***Auditors***

Moore Stephens LLP  
150 Aldersgate Street  
London  
EC1A 4AB

A resolution to re-appoint Moore Stephens LLP as auditor will be proposed at the forthcoming Annual General Meeting.

## **SONS AND FRIENDS OF THE CLERGY**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### ***Investment advisers/managers***

Sarasin & Partners LLP  
Juxon House  
100 St. Paul's Churchyard  
London EC4M 8BU

Charles Stanley & Co. Limited  
25 Luke Street  
London EC2A 4AR

The Charities Property Fund  
Cordea Savills  
33 Margaret Street  
London W1G 0JD

#### ***Bankers***

Messrs C Hoare & Co  
37 Fleet Street  
London EC4P 4DQ

National Westminster Bank Plc  
PO Box 3038  
57 Victoria Street  
London SW1H 0HN

#### ***Property Valuers***

BNP Paribas Real Estate Advisory & Property Management UK Limited  
5 Aldermanbury Square  
London  
EC2V 7BP



## **SONS AND FRIENDS OF THE CLERGY**

### **AN APPRECIATION OF TWO EMINENT TRUSTEES**

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#### **Rodney Whiteman**

Rodney joined the Friends Committee of Management in 1998 having served as a Parish Priest for many years and latterly as Archdeacon of Bodmin and Archdeacon of Cornwall. Rodney's wide experience of ministry was a great asset in our deliberations. As the two charities began to work together his gentle wisdom helped us to overcome a number of potential problems as did his wonderful sense of humour. Rodney served the charities with distinction for 17 years.

#### **Sir David Brewer CMG CVO**

Sir David first became involved with the Sons of the Clergy Corporation when he became a Steward of the Festival in the 1990s. He later became a Trustee, Treasurer in 2006 and Senior Treasurer from 2010 to 2013 whilst Lord Lieutenant of London. As Senior Treasurer, David oversaw the transition of Registrar from Robert Welsford to Graeme Knowles and the formal merger of the Sons and Friends. He retired from the Court of Assistants of the Sons and Friends of the Clergy at the Annual Court Meeting in 2015. The charity owes him a deep debt of gratitude for his commitment to the work of the Sons and Friends of the Clergy, but more especially for his zeal in support of the clergy of the Anglican Church.

## SONS AND FRIENDS OF THE CLERGY

### THE FESTIVAL SERMON 2015

#### Preached by The Very Reverend Vivienne Faull, Dean of York

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My Father, who was a self-supporting priest for 30 years told me how when he took charge of his first rural parish, he decided to call in on the businesses and farms of the village: it was the obvious thing to do because when he wasn't being a vicar he was a vet.

He called at Home Farm just as they finished the milking. He asked if he could sit with the farmer and the herdsman while they had their break. He said 'I don't suppose you know who I am'. The herdsman responded: 'I don't know, and I don't care as long as you aren't the bloody vicar'.

I'll return to that story in a moment, but to begin with the Feast we begin to anticipate today and the questions it raises for the church.

The first question being whether we do believe and trust that Jesus is Lord. For the Feast of the Ascension undermines what a former colleague of mine once called our tendency to functional atheism. He was referring to the way our thoughts and plans are fashioned as though God did not exist, that everything depends on our activity and our skill, not on faith and grace. The Feast of the Ascension is of a piece with Easter and Pentecost as markers of a new age, of God in Christ doing new things. We might be uncomfortable with how the gospel of Luke portrays the mechanics with the dimension of verticality: our age might want to use the concepts of porosity or permeability, but whatever the analogical language we use the Feast of the Ascension is the moment when we as Christians and we in our Christian communities are required to make space and time to discover God's work and perceive Gods glory in often new ways and unexpected places.

The Rural Deans of the Diocese of York have just met, and told of their communities: how their colleagues, ordained and lay, with their differing gifts, are proclaiming Christ the Lord and finding that Christ is indeed building up his body the church. A few stories stand out, of clergy working in unexpected ways in places, and surprising themselves and their communities. In Scarborough a young pioneer minister is planting a church in a local authority housing estate where even the local authority has closed its office. The former pub, which has also closed, has become under her leadership Westway Open Arms, a place for church and community to gather where until now there was none. In Bridlington the churches have opened a money advice centre and then when the Job Centre closed, requiring those without jobs to travel 30 miles to sign on, the churches combined to open a job club. And in Middlesbrough there is news of ongoing development. A city which 50 years ago was one of the most rapidly growing towns in the UK with full employment and a strong work ethic has, since the decline of manufacturing industry over the last 20 years, experiences profound deprivation and social dislocation. Four years ago the churches, supported by the Church Urban Fund, met to pray about the experience of the communities around them. Two years later there were 38 projects with 1000 volunteers offering 800 hours of support and service each week and the outreach continue to grow, empowered by the prayer of the church and the perspective of Christ.

And these developments in our most deprived communities reflect a second question to the Christians at Ascensiontide. Are we prepared for God to change our perspective? The Feast of the Ascension is a tipping point when the focus for the disciples shifts from **looking at Jesus** to **looking as Jesus looked**. It is the moment in the story of the early church when the followers of Jesus had to begin to live out gospel priorities for themselves: witnessing to the works of Christ, exercising the single minded love of God and neighbour, demonstrating a commitment to and the ethic of boundary – crossing hospitality.....and all this done in the power of the Holy Spirit, the gift of the new era.

It is a statement of the obvious that Church of England culture tends to resist such theological, spiritual and cultural upheaval. But in Middlesbrough drastic change just happened. Would Christians catch up and respond? Indeed they did, and have. Churches which had worked in determined isolation now support each other fully. The Roman Catholics lead the work with homeless people and families, the Methodists have taken responsibility for work with Asylum Seekers, while Anglicans lead the foodbanks, the gardening, and the cooking projects. The Rural Dean told us that when the foodbank began, the taxi drivers, mostly

## SONS AND FRIENDS OF THE CLERGY

### THE FESTIVAL SERMON 2015

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Moslem, agreed to a levy each Friday to be handed over to the churches to support set up costs. That raised a smile in the Rural Deans' meeting.

For the Third question raised by Ascensiontide is whether we are prepared to respond to God's good news with joy.

Two days ago one of the dramas to be awarded two Baftas was the true story of Neil Baldwin, circus clown, fixture at Keele University for half a century, and Stoke City's manager Lou Macari's best ever signing. Neil, talking about the premiere said his friends commented

"You've put God in it first.".....and, Neil said "That's how it should be".

The programme was titled Marvellous. And it was. One scene showed Baldwin walking with his Christadelphian mother played by Gemma Jones, discussing his future, and wondering whether he could find a berth in the clergy.

"I like the C of E, I like performance and I believe in God." mused Baldwin.

"Well that does put you three up on most of the C of E clergy I've encountered. But there are other things you need Neil."

"Bifocals?"

"I was thinking qualifications." She says, and desperate to see him settled, she escorts him to the Job Centre where the adviser gently questions him about what other possibilities there might be apart from being a vicar.

"I'd like to manage Stoke City" he says. "It don't have to be Stoke but I draw the line at Port Vale."

His mother's heart is weak and she is terrified of how Neil will cope without her. He reassures her that he has a new job at the university, supporting the chaplaincy. "When did they offer you that?"

"Tomorrow", he says in his simplicity having a profound grasp of how Ascension of Christ collapses time. Those of us who know Neil (and he is a regular at consecrations at York Minster) have found his straightforward faith beguiling are released from our Anglican seriousness.

But for some clergy working in Middlesbrough and East Yorkshire holding onto hope is testing. There are vacancies in parishes because it remains difficult to recruit clergy to Teesside or to the East Coast. Indeed the further north and east you travel in England, the more difficult it is to recruit clergy. Whether it is the image of the north or the ties of family further south or the reduced opportunity for employment for clergy spouses and families, something seems to counter the call of the lands of Paulinus and Cuthbert, Aidan and Bede. So for those of us leading northern churches there are significant responsibilities to knit the body of Christ together, creating strong networks of care within Dioceses and finding additional support from outside Dioceses. Which is where you can help.

I began with a light hearted story of how clergy can find themselves marginalised by their role. For others the isolation is much more serious and potentially profoundly undermining. Some do face the trickery mentioned by Ephesians or the inherent isolation of prophetic ministry voiced by Jeremiah and Isaiah. Some, in addition, face real hardship: there are those where a clergy stipend has to support children, parents and elders, particularly where there is illness, disability or bereavement. There are ordained ministers who have little income amongst them self-supporting ministers who lose their secular employment through redundancy or ill health. And there are their dependants, youthful or elderly. They believe and trust in Christ. But can they believe and trust in the church?

It is to their needs you respond, and their tomorrows you ensure, and I speak on behalf of many who are so grateful. Thank you for responding generously to the call of the Lordship of Christ, thank you for being prepared to perceive God's new ways and adapting and changing. Thank you for bringing hope to those tempted to despair. Thank you for your part in proclaiming Christ's Ascension life. May God bless you deeply as you continue in that work.

## **SONS AND FRIENDS OF THE CLERGY**

### **STATEMENT OF THE RESPONSIBILITIES OF THE COURT OF ASSISTANTS**

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The Court of Assistants is responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Court of Assistants to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing these financial statements, the Court of Assistants is 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 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 charity will continue in operation.

The Court of Assistants is responsible for adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the Royal Charter and Act of Parliament under which the Charity is incorporated. It is 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.

Signed on behalf of the Court of Assistants On 17 May 2016

Lady Mawer  
Senior Treasurer

The Right Reverend David Rossdale  
Treasurer

Ms Jill Sandham  
Treasurer

## **SONS AND FRIENDS OF THE CLERGY**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SONS AND FRIENDS OF THE CLERGY**

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We have audited the financial statements of Sons and Friends of the Clergy for the year ended 31 December 2015 which are set out on pages 22 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 (FRS 102) 'the Financial Reporting Standard in the UK and Republic of Ireland'.

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015 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 Charities Act 2011.

## **SONS AND FRIENDS OF THE CLERGY**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SONS AND FRIENDS OF THE CLERGY**

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; 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.

Moore Stephens LLP

Statutory Auditor

150 Aldersgate Street  
London  
EC1A 4AB

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

## SONS AND FRIENDS OF THE CLERGY

### BALANCE SHEET AS AT 31 DECEMBER 2015

	Notes	£	Dec-15 £	£	Dec-14 £
<b>Fixed Assets</b>					
Tangible fixed assets	11	1,048,299		1,050,748	
Investment assets	12	<u>88,469,598</u>	89,517,897	<u>86,056,876</u>	87,107,624
<b>Current Assets</b>					
Debtors		210,864		236,981	
Short term deposits		1,551,395		1,514,247	
Cash at bank and in hand		<u>499,707</u>		<u>632,893</u>	
	13	2,261,966		2,384,121	
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	14	<u>(262,880)</u>		<u>(216,237)</u>	
<b>Net Current Assets</b>		1,999,086		2,167,884	
Provision for winding up pension scheme	18	(81,000)	1,918,086	(172,000)	1,995,884
<b>Total Assets less Current Liabilities</b>			<u>91,435,983</u>		<u>89,103,508</u>
<b>Funds</b>					
Unrestricted	16		89,809,122		87,561,772
Restricted	16		1,455,955		1,377,393
Endowment	16		170,906		164,343
<b>Total Funds</b>			<u>91,435,983</u>		<u>89,103,508</u>

The financial statements were approved by the Court of Assistants on and signed on their behalf by

Lady Mawer  
Senior Treasurer

The Right Reverend David Rossdale  
Treasurer

The notes set out on pages 26 to 42 form part of these financial statements

## SONS AND FRIENDS OF THE CLERGY

### STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
<b>Income and Endowments from:</b>						
Donations and legacies	2	109,591	22,637	-	132,228	782,433
Investment funds	3	3,204,759	48,143	1,273	3,254,176	3,239,275
Charitable activities	4	2,310	-	-	2,310	2,580
<b>Total Income</b>		<b>3,316,660</b>	<b>70,781</b>	<b>1,273</b>	<b>3,388,714</b>	<b>4,024,288</b>
<b>Expenditure on:</b>						
Raising funds	5	389,600	10,410	765	400,775	393,281
Charitable activities	6	2,977,765	11,680	-	2,989,445	2,869,322
<b>Cost of grant making</b>		<b>3,367,365</b>	<b>22,090</b>	<b>765</b>	<b>3,390,220</b>	<b>3,262,603</b>
<b>Total (expenditure)/income before net gains/(losses) on investments</b>		<b>(50,705)</b>	<b>48,691</b>	<b>508</b>	<b>(1,506)</b>	<b>761,685</b>
<b>Net gains on investments</b>	12	<b>2,298,055</b>	<b>29,871</b>	<b>6,055</b>	<b>2,333,981</b>	<b>2,233,705</b>
<b>Net income</b>		<b>2,247,350</b>	<b>78,562</b>	<b>6,563</b>	<b>2,332,475</b>	<b>2,995,390</b>
<b>Total funds brought forward</b>		<b>87,561,772</b>	<b>1,377,393</b>	<b>164,343</b>	<b>89,103,508</b>	<b>86,108,118</b>
<b>Total funds carried forward</b>	16	<b>89,809,122</b>	<b>1,455,955</b>	<b>170,906</b>	<b>91,435,983</b>	<b>89,103,508</b>

The notes set out on pages 26 to 42 form part of these financial statements



## SONS AND FRIENDS OF THE CLERGY

### STATEMENT OF FINANCIAL ACTIVITY

FOR THE YEAR ENDED 31 DECEMBER 2014 (RESTATED PRESENTATION)

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
<b>Income and Endowments from:</b>					
Donations and legacies	2	764,454	17,979	-	782,433
Investment funds	3	3,181,470	56,629	1,176	3,239,275
Charitable activities	4	2,580	-	-	2,580
<b>Total Income</b>		<u>3,948,504</u>	<u>74,608</u>	<u>1,176</u>	<u>4,024,288</u>
<b>Expenditure on:</b>					
Raising funds	5	375,814	16,741	726	393,281
Charitable activities	6	2,835,964	33,358	-	2,869,322
<b>Cost of grant making</b>		<u>3,211,778</u>	<u>50,099</u>	<u>726</u>	<u>3,262,603</u>
<b>Total income before Net gains on investments</b>		736,726	24,509	450	761,685
<b>Net gains on investments</b>					
Gains on investments	12	2,142,693	81,364	9,648	2,233,705
<b>Net income</b>		<u>2,879,419</u>	<u>105,873</u>	<u>10,098</u>	<u>2,995,390</u>
<b>Total funds brought forward</b>		84,682,353	1,271,520	154,245	86,108,118
<b>Total funds carried forward</b>	16	<u>87,561,772</u>	<u>1,377,393</u>	<u>164,393</u>	<u>89,103,508</u>

The notes set out on pages 26 to 42 form part of these financial statements

## SONS AND FRIENDS OF THE CLERGY

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	<b>Total Funds 2015 £</b>	<b>Total Funds 2014 £</b>
<b>Net cash used in operating activities (a)</b>	(3,269,928)	(2,211,800)
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	3,254,176	3,239,275
Purchase of furniture and equipment	(1,546)	(1,751)
Proceeds from sale of investments	8,465,909	8,740,713
Purchase of investments	(8,544,649)	(9,810,354)
<b>Net cash provided by investing activities</b>	<u>3,173,890</u>	<u>2,167,883</u>
<b>Change in cash and cash equivalents</b>	(96,038)	(43,917)
<b>Cash and cash equivalents brought forward</b>	2,147,140	2,191,057
<b>Cash and cash equivalents carried forward (b)</b>	<u>2,051,102</u>	<u>2,147,140</u>
<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>		
(a) Net income for the reporting period	2,332,475	2,995,390
Adjustments for:		
Depreciation charge	3,995	3,139
Dividends, interest & rents from investments	(3,254,176)	(3,239,275)
Gains/losses on investments	(2,333,981)	(2,233,704)
(Increase)/decrease in debtors	26,117	71,876
(Decrease)/(increase) in creditors	(44,358)	190,774
<b>Net cash used in operating activities</b>	<u>(3,269,928)</u>	<u>(2,211,800)</u>
<b>(b) Analysis of cash and cash equivalents</b>		
Cash in hand	499,707	632,893
Short term deposits	<u>1,551,395</u>	<u>1,514,247</u>
	<u>2,051,102</u>	<u>2,147,140</u>

The notes set out on pages 26 to 42 form part of these financial statements

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015

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The Sons and Friends of the Clergy will hereafter be referred to as “the Charity”.

#### 1. Accounting policies

##### (a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Charities Act 2011, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The charity constitutes a public benefit entity defined by FRS 102.

The trustees consider that there are no material uncertainties about the Charity’s ability to continue as a going concern. The most significant area of uncertainty that affects the future carrying value of the assets held by the Charity is the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the trustees’ annual report for more information).

##### (b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was needed; only a restatement of presentation was required. In accordance with the requirements of FRS 102, a reconciliation of opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the presentation of the investment gains as a component of reported income.

<b>Reconciliation of reported net income</b>	<b>£</b>
Net income as previously stated	761,685
Adjustment for gains on investments now treated as a component of net income	<u>2,233,705</u>
2014 net income as restated	<u>2,995,390</u>

##### (c) Funds structure

Details of the various different funds held and of the terms on which each of those funds is held are set out in Note 16 to the financial statements.

## **SONS AND FRIENDS OF THE CLERGY**

### **NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **(d) Income recognition**

Incoming resources are recognised in the Statement of Financial Activities when entitlement is both reliably measurable and there is probable receipt. Where incoming resources derived from endowment funds are unrestricted these are included within unrestricted funds.

Legacies are recognised following the granting of probate when the administrator or executor for the estate has communicated in writing both the amount and settlement date. In the event that the legacy is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the legacy being reliably measurable with a degree of reasonable certainty.

Interest on funds held on deposit is included when receivable and notification has been received from the bank. Dividends are recognised once the dividend has been declared and notification has been received from the investment advisors.

#### **(e) Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accrual basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Grants are considered as gifts from the Charity and are made at the full discretion of the trustees to beneficiaries in the furtherance of the charitable objects of the Charity. In the case of an unconditional grant offer, this is accrued once the recipient has been notified of the grant award. Deferred grants are grants that have been awarded but are not payable until some future date. Most school fees grants and a number of other grants are paid by instalments and certain other grants are awarded for payment at a future date.

## **SONS AND FRIENDS OF THE CLERGY**

### **NOTES TO THE ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **(f) Governance costs**

Governance costs comprise all costs associated with the strategic as opposed to day-to-day management of the Charity's activities together with the public accountability of the Charity and its compliance with regulations and good practice.

#### **(g) Costs of raising funds**

Costs of raising funds consist of investment management costs, costs of organising the Festival and an allocation of support and governance costs based on staff time.

#### **(h) Costs of charitable activities**

Costs of charitable activities consist of grants made and an allocation of support and governance costs based on staff time.

#### **(i) Tangible fixed assets and depreciation**

Freehold properties are included at cost. No depreciation is provided on such properties because the estimated residual values are considered to be in excess of cost. Regular maintenance is carried out on these properties to mitigate against any indicator of impairment.

All assets costing over £1,000 are capitalised and stated at historical cost. Depreciation is charged on a straight line basis on fixtures and fittings and equipment over their estimated useful life from the year of acquisition of five and three years, respectively.

#### **(j) Fixed asset investments**

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the reporting date using the closing quoted market price. The Statement of Financial Activities includes net gains and losses arising on revaluation and disposals throughout the year.

The main form of financial risk faced by the Charity is that of volatility in investment markets due to wider economic conditions.

#### **(k) Gains and losses on investments**

All gains and losses on investments are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and transaction value. Unrealised gains and losses for the year are calculated as the difference between the fair value at the year end and the opening carrying value, or the transaction value if acquired in the financial year. Realised and unrealised gains and losses on investments are combined in the Statement of Financial Activities.

#### **(l) Pensions**

From April 2015, in accordance with auto-enrolment, the Charity contributes a percentage of salary into a Group Pension Plan, which comprises a series of personal pension plans arranged for the Charity's eligible employees (previously, contributions were paid into personal pension plans).

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2 DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Donations	82,613	10,830	-	93,443
Legacies	26,978	11,807	-	38,785
	<u>109,591</u>	<u>22,637</u>	-	<u>132,228</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Donations	88,772	10,504	-	99,276
Legacies	675,682	7,475	-	683,157
	<u>764,454</u>	<u>17,979</u>	-	<u>782,433</u>

#### 3 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Rental income	46,315	17,522	-	63,837
Income from investment funds	3,150,330	30,469	1,273	3,182,072
Bank Interest	8,114	153	-	8,266
	<u>3,204,759</u>	<u>48,144</u>	1,273	<u>3,254,176</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Rental income	50,134	16,595	-	66,729
Income from investment funds	3,124,423	39,920	1,176	3,165,519
Bank Interest	6,913	114	-	7,027
	<u>3,181,470</u>	<u>56,629</u>	1,176	<u>3,239,275</u>

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Rental income	2,310	-	-	2,310

  

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Rental income	2,580	-	-	2,580

Following the closure to new occupants of the charity's housing scheme for retired clergy and their wives/widows some time ago, houses are sold as and when they become vacant and are not replaced. There were three housing scheme properties at the year-end. On 21 March 2016, one of the properties was sold. Net proceeds amounted to £151,013.

#### 5 COSTS OF RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Festival costs	32,621	-	-	32,621
Investment management costs				
- investment properties	24,176	6,934	-	31,110
- investment funds	241,439	3,459	765	245,663
Support and governance costs (see note 8)	31,039	16	-	31,055
Staff costs (see note 9)	60,326	-	-	60,326
	<u>389,601</u>	<u>10,409</u>	<u>765</u>	<u>400,775</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Festival costs	31,973	-	-	31,973
Investment management costs				
- investment properties	20,817	10,372	-	31,189
- investment funds	207,489	4,373	726	212,588
Support and governance costs (see note 8)	36,103	485	-	36,588
Staff costs (see note 9)	86,043	1,511	-	87,554
	<u>382,425</u>	<u>16,741</u>	<u>726</u>	<u>399,892</u>

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 6 CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Grants (see note 7)	2,445,606	11,589	-	2,457,195
Charitable housing costs	1,062	-	-	1,062
Support costs (see note 8)	175,884	91	-	175,975
Staff costs (see note 9)	355,213	-	-	355,213
	<u>2,977,765</u>	<u>11,680</u>	<u>-</u>	<u>2,989,445</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Grants (see note 7)	2,123,854	20,915	-	2,144,769
Charitable housing costs	931	-	-	931
Support costs (see note 8)	203,753	3,571	-	207,324
Staff costs (see note 9)	500,816	8,872	-	509,688
	<u>2,829,354</u>	<u>33,358</u>	<u>-</u>	<u>2,862,712</u>

#### 7 GRANTS

During the year, the Charity awarded 995 grants to qualifying individuals and organisations (2014:1,332).

	Number of grants	2015 £	Number of grants	2014 £
Clergy	602	1,681,921	894	1,561,347
Divorced or separated spouses	83	408,943	153	280,601
Ordinands	256	89,600	214	74,900
Widows/Widowers	48	146,537	63	86,569
Unmarried daughters	3	10,194	4	6,352
Organisations	3	120,000	4	135,000
	<u>995</u>	<u>2,457,195</u>	<u>1,332</u>	<u>2,144,769</u>

	2015 £	2014 £
General welfare	1,347,505	598,808
Resettlement & house expenses	76,950	184,820
School fees	86,996	145,992
University maintenance	203,250	266,299
School clothing	54,896	84,830
Other education expenses	146,146	244,692
Ordinand book grants	89,950	75,250
Christmas	-	77,515
Debt	24,011	36,515
Bereavement	2,691	26,998
Holidays	424,800	403,050
	<u>2,457,195</u>	<u>2,144,769</u>



## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 7 GRANTS (continued)

The following organisations received grants from the Charity:

**The Personal Emergencies Fund (PEF) of the Anglican Communion** - £45,000 (2014: £50,000). This fund was set up in 1979 by Archbishop Donald Coggan to meet the critical medical needs of clergy and church workers and their families around the Anglican Communion.

**College of St Barnabas** - £50,000 (2014: £45,000). The College of St Barnabas is a retirement community for priests (with their wives & widows) with a significant number of residents whose means are insufficient to meet the costs incurred for their care.

**Mary & Martha** - £25,000 (2014: 2 grants of £20,000). This charity was set up to support people in ministry at times of stress, crisis, burnout or breakdown.

In April 2015, a new basis for awarding grants was adopted, to ensure that those most in need should benefit. As a result, most grants are now awarded for general welfare rather than for specific needs, and generally, beneficiaries are now only able to receive one gift per annum, whereas previously some received multiple gifts in a year. Consequently, the figures for the two years presented are not fully comparable.

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 8 SUPPORT AND GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £
<b>Support costs:</b>			
Printing, postage, stationery & telephone	21,626	-	21,626
Property costs	49,604	-	49,604
Advertising	-	-	-
Office equipment maintenance	35,042	-	35,042
Other office expenses	40,497	108	40,605
Legal and professional	38,853	-	38,853
<b>Governance costs:</b>			
Legal and professional	6,300	-	6,300
Auditor's remuneration	15,000	-	15,000
	<u>206,922</u>	<u>108</u>	<u>207,030</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £
<b>Support costs:</b>			
Printing, postage, stationery & telephone	18,897	303	19,200
Property costs	96,797	1,554	98,351
Advertising	3,733	60	3,793
Office equipment maintenance	39,708	637	40,345
Other office expenses	37,477	675	38,152
Legal and professional	28,788	462	29,250
<b>Governance costs:</b>			
Auditor's remuneration	14,586	234	14,820
	<u>239,985</u>	<u>3,926</u>	<u>243,911</u>

These costs have been allocated as follows:

	Raising Funds £	Charitable activities £	Total 2015 £
<b>Support costs:</b>			
Printing, postage, stationery & telephone	3,244	18,382	21,626
Property costs	7,441	42,163	49,604
Advertising	-	-	-
Office equipment maintenance	5,256	29,786	35,042
Other office expenses	6,091	34,514	40,605
Legal and professional	5,828	33,025	38,853
<b>Governance costs:</b>			
Legal and professional	945	5,355	6,300
Auditor's remuneration	2,250	12,750	15,000
	<u>31,055</u>	<u>175,975</u>	<u>207,030</u>

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 8 SUPPORT COSTS (continued)

	Raising Funds £	Charitable activities £	Total 2014 £
<b>Support costs:</b>			
Printing, postage, stationery & telephone	2,880	16,320	19,200
Property costs	14,753	83,598	98,351
Advertising	569	3,224	3,793
Office equipment maintenance	6,052	34,293	40,345
Other office expenses	5,723	32,429	38,152
Legal and professional	4,388	24,863	29,251
<b>Governance costs:</b>			
Auditor's remuneration	2,223	12,597	14,820
	<u>36,588</u>	<u>207,324</u>	<u>243,912</u>

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 9 STAFF COSTS

	2015 £	2014 £
Salaries	326,208	366,143
Social security costs	34,960	35,320
Pension costs (see below)	<u>54,371</u>	<u>195,779</u>
	<u>415,539</u>	<u>597,242</u>

These net costs comprise the staff costs referred to in notes 5 and 6 and have been allocated based on an estimate of staff time.

During the year under review, the following staff earned total emoluments excluding employer's pension costs in excess of £60,000:-

	2015 No.	2014 No.
£60,000 - £70,000	1	1
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-

The above higher paid employees received total employer's pension contributions of £11,358 (2014: £5,765).

The Charity's key management personnel comprise the members of the Court of Assistants who received no remuneration and the Registrar (to November 2015) and the Interim Registrar (from November 2015).

Total employment benefits, including employer pension contributions, of the key management personnel were £93,329 (2014: £75,636).

Average number of employees, analysed by function, was:

	2015	2014
Raising funds, grants and support	6	6
Administration and governance	<u>2</u>	<u>2</u>
	<u>8</u>	<u>8</u>

#### Pension costs

	2015	2014
Pension payments (10% Personal Pension Plans)	27,172	22,129
Death in Service premiums and administration costs	1,806	1,650
Provision for winding up Pension Scheme (see note 18)	25,393	172,000
	<u>54,371</u>	<u>195,779</u>

Members of the Court of Assistants did not receive any remuneration or benefits in kind in respect of their services during the year under review (2014: £Nil). Travel expenses of £15,979 (2014: £11,327) were reimbursed to 19 trustees (2014: 19).

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 10 Auditor's remuneration

The auditor's remuneration constituted an audit fee of £12,300, including £1,050 for the audit of the Sons and Friends of the Clergy Staff Retirement Benefit Scheme (2014: £12,300 which includes £1,050 for the audit of the Sons and Friends of the Clergy Staff Retirement Benefit Scheme).

#### 11 TANGIBLE FIXED ASSETS

	<b>Freehold Property £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2015	1,043,448	60,623	1,104,071
Addition	-	1,546	1,546
Disposal	-	(10,697)	(10,697)
At 31 December 2015	<u>1,043,448</u>	<u>51,472</u>	<u>1,094,920</u>
<b>Depreciation</b>			
As at 1 January 2015	-	53,323	53,323
Charge for year	-	3,995	3,995
Disposal	-	(10,697)	(10,697)
At 31 December 2015	<u>-</u>	<u>46,621</u>	<u>46,621</u>
<b>Net book value</b>			
At 31 December 2015	<u>1,043,448</u>	<u>4,851</u>	<u>1,048,299</u>
At 31 December 2014	<u>1,043,448</u>	<u>7,300</u>	<u>1,050,748</u>

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 12 INVESTMENT ASSETS

	<b>2015</b>	<b>2014</b>
	£	£
Investment properties		
- United Kingdom	1,392,499	1,257,500
Investment Funds	<u>87,077,099</u>	<u>84,799,376</u>
	<u>88,469,598</u>	<u>86,056,876</u>

<b>a) Investment properties</b>	<b>2015</b>	<b>2014</b>
<b>- United Kingdom</b>	£	£
Market value at 1 January	1,257,500	1,142,500
Net gain/(loss) on revaluation	134,999	115,000
Market value at 31 December	<u>1,392,499</u>	<u>1,257,500</u>
Historical cost at 31 December	60,824	60,824

As at the year end there were three investment properties and these were valued as follows:

One agricultural property was valued at £360,000 as at 31 December 2015 by Messrs Berrys, Chartered Surveyors at market value in accordance with the Royal Institution of Chartered Surveyors' Valuation standards 6<sup>th</sup> edition. At the year end, the Charity had received an offer of £41,079, under a Compulsory Purchase order, to purchase 1.2 hectares of the land by Northamptonshire County Council.

Two residential properties were valued in aggregate at £1,032,500. This valuation was made in December 2015 by BNP Paribas Real Estate in accordance with the Royal Institution of Chartered Surveyors' Valuation standards 6<sup>th</sup> edition.

	<b>Total</b>	<b>Total</b>
	<b>2015</b>	<b>2014</b>
	£	£
<b>b) Investment funds</b>		
Market value at 1 January	84,799,376	81,611,031
Additions:	8,544,649	9,810,353
Disposals:	(8,465,909)	(8,740,713)
Net gain/(loss) on revaluation	2,198,983	2,118,705
Market value at 31 December	<u>87,077,099</u>	<u>84,799,376</u>
Historical cost at 31 December	<u>72,109,271</u>	<u>66,791,228</u>

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 12 INVESTMENT ASSETS (continued)

The investments at the end of the year were held in realisable funds consisting of the following:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Sarasin Alpha CIF for endowments	26,425,989	26,384,050
Sarasin Sterling Investment	42,149	12,953
Charles Stanley Discretionary Portfolio	52,214,285	50,550,777
Charities Property Fund	<u>8,394,676</u>	<u>7,851,596</u>
	<u>87,077,099</u>	<u>84,799,376</u>

The split of the holdings were:

	<b>Total</b>	<b>Total</b>
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Fixed interest	4,167,326	3,914,776
UK Equities	36,696,832	37,016,746
Global Equities	30,703,186	29,340,170
Property	10,521,774	9,924,572
Unit Trusts	1,813,050	1,641,600
Alternative Assets	1,814,613	2,131,545
Liquid Assets	1,360,318	829,967
	<u>87,077,099</u>	<u>84,799,376</u>

The Sarasin portfolio is invested in the Alpha CIF for endowments. The fund is diversified across the world's principal stock, bond and currency markets, together with investments in alternative assets such as property, commodities and hedge funds. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. In the Charles Stanley Discretionary portfolio, investments in equities, unit trusts and fixed interest securities are all traded in quoted public markets. Holdings are valued at the closing mid-price. No single investment was more than 5% of the total portfolio. The investments in the Charities Property Fund are valued using the net asset value price.

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the Financial review section of the Trustees' Annual Report. The main risk to the charity from financial instruments in the future lies in the combination of uncertain investment markets and volatility in yield, which is mitigated through the charity's investment policy.

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 13 ANALYSIS OF CURRENT ASSETS

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Income tax recoverable	7,309	17,777
Cash held by investment managers	175,799	193,790
Prepayments and other debtors	27,756	25,414
Cash at bank and in hand	499,707	632,893
Short term deposits	<u>1,551,395</u>	<u>1,514,247</u>
	<u>2,261,966</u>	<u>2,384,121</u>

#### 14 CURRENT LIABILITIES

##### Creditors under 1 year

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Deferred grants	200,513	134,030
Accruals	<u>62,367</u>	<u>82,207</u>
	<u>262,880</u>	<u>216,237</u>

##### Deferred grants:

	<b>2015 £</b>	<b>2014 £</b>
Balance brought forward	134,030	143,862
New grants committed to in year	421,576	339,120
Grants paid	<u>(355,093)</u>	<u>(348,952)</u>
Balance carried forward	<u>200,513</u>	<u>134,030</u>

#### 15 OPERATING LEASE COMMITMENTS

At 31 December, the Charity had total commitments under non-cancellable operating leases as set out below:

	<b>2015 £</b>	<b>2014 £</b>
Amounts due:		
within one year	1,578	1,679
within 2 - 5 years	6,312	-
after more than 5 years	<u>1,578</u>	<u>      </u>



## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 16 STATEMENT OF FUNDS

The following were the Charity's funds during the year under review.

##### Unrestricted funds

The unrestricted funds are applied by the Trustees in accordance with the objects of the Charity (see the Objectives and Activities section of the Trustees' Report).

##### Restricted funds

###### Clergy Orphan Corporation

The Clergy Orphan Corporation is restricted as its beneficiaries are limited to children of clergy of the Church of England and of the Church in Wales.

###### Other restricted funds

These funds represent donations that are restricted by their terms as to their use.

###### Palmer Estate Fund

The Palmer Estate Fund was set up on the instructions of the Charity Commission and represents the setting aside from the income of the Charity of £13,000 in 1984 to provide against the notional loss of rent arising on the sale of 619-639 Holloway Road, London until 2063, when the agreed lease would have expired, at which time the assets will become unrestricted.

	Balance at January 2015 £	Income £	Expenditure £	Other recognised gains and losses £	Balance at December 2015 £
<b>Unrestricted Funds</b>	87,561,772	3,316,660	(3,367,365)	2,298,055	89,809,122
<b>Restricted Funds</b>					
Clergy Orphan Corporation	1,372,275	64,994	(22,090)	29,871	1,445,050
Other restricted funds	5,118	5,787	-	-	10,905
	<u>1,377,393</u>	<u>70,781</u>	<u>(22,090)</u>	<u>29,871</u>	<u>1,455,955</u>
<b>Endowment Funds</b>					
Palmer Estate Fund	<u>164,343</u>	<u>1,273</u>	<u>(765)</u>	<u>6,055</u>	<u>170,906</u>
<b>Total Funds</b>	<u>89,103,508</u>	<u>3,388,714</u>	<u>(3,390,220)</u>	<u>2,333,981</u>	<u>91,435,983</u>

## SONS AND FRIENDS OF THE CLERGY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 17 ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31 DECEMBER 2015

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
Tangible fixed assets	1,048,299	-	-	1,048,299	1,050,748
Investment properties	769,999	622,500	-	1,392,499	1,257,500
Investment funds	86,127,546	779,257	170,296	87,077,099	84,799,376
Net current assets	1,944,278	54,198	610	1,999,086	1,995,884
Provisions	(81,000)	-	-	(81,000)	-
	<u>89,809,122</u>	<u>1,455,955</u>	<u>170,906</u>	<u>91,435,983</u>	<u>89,103,508</u>

#### 18 PROVISION FOR WINDING UP PENSION SCHEME

The Trustees resolved to wind up this scheme in 2014, and a provision was made in the accounts in that year. The winding up process is ongoing.

Reconciliation of movements in Provisions:

	£
Provision brought forward	172,000
Additions	25,393
Amounts charged against provision	<u>(116,393)</u>
Provision carried forward	<u>81,000</u>

The provision includes £43,000 for the revised amount to secure the remaining member's benefits and £38,000 for professional fees and expenses.

## **SONS AND FRIENDS OF THE CLERGY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **19 PENSION COSTS**

The Charity operates a defined contribution pension scheme in compliance with auto-enrolment and contributions of £27,173 (2014: £22,129) were made in the year.

In addition, the Charity operates a pension scheme, now closed, providing benefits based on final pensionable pay. The scheme is closed to new members and has two deferred members (2014: two deferred members). One of the deferred members accepted a Transfer Value out of the Scheme, the transfer to the scheme was paid in November 2015, and the transfer completed by the Administrator, Barnett Waddingham, in January 2016. In 2014, the Trustees resolved to wind up this scheme. The winding up process is ongoing and a provision of £81,000 (2014: £172,000) has been recognised in respect of this liability.

As a consequence, the Trustees do not consider it appropriate to disclose the present value of the scheme's obligation or fair value of the Scheme's assets as required under FRS102.