

REGISTERED COMPANY NUMBER: 04943183 (England and Wales)
REGISTERED CHARITY NUMBER: 1101444

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
SOCIETY OF THE SACRED MISSION
(A COMPANY LIMITED BY GUARANTEE)**

SOCIETY OF THE SACRED MISSION

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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SOCIETY OF THE SACRED MISSION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their annual report together with the audited financial statements of the Company for the year 1 January 2021 to 31 December 2021. The annual report serves the purpose of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

OBJECTIVES AND ACTIVITIES

Policies and objectives

The charity's objectives are set out in the memorandum of association. The Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit.

The Charity exists for the purposes set out in its Articles revised in 2020:

'The objects of the Charity, for the benefit of the public, the advancement of the Christian religion by the following means:

- a. The conduct of a recognised religious community of the Church of England known as the Society of the Sacred Mission;
- b. The pursuit of any purpose, charitable according to the law of England and Wales which is calculated to express the Gospel in practical form.'

The aims of the Society are to support and encourage those who wish to prepare and train for Christian ministry in all its forms and by so doing assist and pastor those wishing to affirm and come to a life enhancing knowledge of the Christian faith.

The Society undertakes charitable activities within the fields of Christian ministry, spirituality and education. This has been the Society's policy since its inception. The principal areas in which the Society is currently involved are supporting theological education and training in addition to providing grant support for projects consistent with its aims and objectives. Its specific activities include a Spiritual Direction training programme, a retreat house and a place for quiet days and study including the use of its Library. The Charity has also supported a resident community. It also provides daily worship in the Chapel. New work is taking place to scope a potential stream of work on Anglican Religious Life.

The Charity also administers Restricted Funds for the support of the Southern African Province of SSM and another for grants (the Kelham Theological College Fund).

The trustees confirm that in developing and undertaking activities by the Society, they are mindful of their obligations to ensure that they are furthering the charity's purposes for the public benefit and have had due regard to the guidance published by the Charity Commission in this respect.

Grant-making policies

The responsibility for making decisions on grant making rests with the Trustees. Grants are considered by the trustees at their regular meetings, and they may also be considered by correspondence. An annual budget for grants is agreed by the trustees. Grants are provided through the Kelham Theological College Fund established for the specific purpose of supporting ministry training and theological education. The Society also supports wider Christian related activities and projects through discretionary grants from its General Fund.

SOCIETY OF THE SACRED MISSION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT

Achievement and performance

Report from the chairman

The Professed brethren remain few in number with two in Residential Care. Brother Andrew is still in Japan and Father Robert in London, both still providing ministry. Fr Jonathan lives in sheltered accommodation in Buckinghamshire and is still very active. The Trustees are committed to the support and care of these men.

Willen Hospice has continued to lease Willen Priory's buildings, and a new 3 year lease was signed at the beginning of April 2022.

Southern Africa continues in its mission and the relationship with that Province remains warm. SSM now holds the assets of SSM SA in a Restricted Fund, advised by an Advisory Group on the best use of that Fund.

At St Antony's, 2021 was another year of challenges and opportunities. The continuing pressures of the COVID pandemic curtailed activities and for much of the year there were no parish groups using the Priory and visitor numbers were low.

The Cottage continued to have guests when regulations allowed and a steady stream of visitors came. The Cottage has been particularly popular with clergy on retreat. In 2022 we will carry out a renovation of the Cottage, long overdue, which will mean closing the Cottage to visitors for several weeks.

The Chapel has continued to provide modern catholic worship with the daily offices, and regular masses on Sundays and weekdays. Highlights have included a very full Holy Week schedule and masses to mark Solemnities and SSM anniversaries.

Spiritual Direction training continues and we have employed a new member of staff to help develop and deliver this important work.

Early work has begun on scoping a project to research and determine resources required for a study of Anglican Religious Life in England.

The Residential Community has faced challenges in attracting people to join. The pandemic has made it harder to get people to come and try it out and throughout the year we have struggled to get more than two or three members at any time. In November 2021 the Director decided to suspend the Community, pending a careful reappraisal. This has not been an easy place to come to and trustees agreed that this is the time to pause and look afresh at our activities and priorities.

Grant Making continues through the Kelham Theological College Fund.

Financial review

Results for the year

Results for the year: Income for the year was £2,223,127 (2020: £455,873). Expenditure for the year was £602,160 (2020: £600,415). Net income/(expenditure) before investment gains was £1,620,967 (2020: (£144,542)). Net investment gains for the year were £1,108,250 (2020: losses of £474,333) together with net income before investment gains of £1,622,967 of £2,731,217, accounting for the overall increase in funds during the year from £13,097,437 (2020) to £15,828,654.

Principal funding

The principal funding streams are derived from the donations of income from the professed members and investment income from the investment portfolios held. Total income is usually less than £500,000 per year, however exceptionally for 2021, there was a one-off donation of £1,781,446 from Society of the Sacred Mission Southern Africa representing the transfer of its assets to Society of the Sacred Mission. Note 21 refers.

SOCIETY OF THE SACRED MISSION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT

Financial review

Material investments policy

The Society operates an actively managed investment portfolio of equities and bonds which has been reviewed during the year to provide a greater emphasis on income generation rather than capital growth. The Society seeks to avoid direct investments in military-related and tobacco-related holdings and concentrate upon ethical securities.

The Society's primary investments were managed by Rathbones during the year with some short-term cash deposits also held.

Reserves policy

The Society's reserve policy focuses on the level of 'free reserves'. Free reserves exclude restricted funds, designated funds and the net book value of the Society's tangible fixed assets and investment property. At the year-end free reserves amounted to £3,809,225 (2020: £3,223,852).

The Society seeks to maintain sufficient free reserves to manage the risks to which the charity is exposed in the course of its business, including, but not limited to, safeguarding against volatile income.

The Charity has designated £2m of its funding for the care of the Professed, all of whom are elderly. It recognizes its need to provide for the ongoing care of these men. The amount is an estimate of costs and remains under review. Our first Charitable Object is the conduct of the religious community, and we believe that this designation is sufficient for the maintenance of the members of the order.

The charity's reserves are held at their current level to enable the generation of income to match most of its operating costs. It has limited other sources of income. However, the charity is in the early stages of planning for strategic initiatives and partnerships that may make use of capital sums, generate other sources of income and allow for new projects. The charity will keep its reserves under review and strive for a balance of income generating reserves and the best use of its financial assets for the strategic priorities of the charity.

The remaining balance of unrestricted reserves £8,052,403 has increased during the year resulting from investment gains. These reserves are considered by the Trustees to be more than adequate to meet future additional designations in addition to providing substantial capital grants in support of projects consistent with the Society's aims and objectives.

Plans for future period

The Charity will continue its core objectives and the ongoing activities outlines above. It will keep its activities under review and will seek to strengthen further its Board. It will maintain and improve its buildings and look for ways to further its objectives.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board has strategic oversight of the Charity and it has been in the past year reviewed its skills and membership needs. It is looking to recruit additional members.

Day to day running of the Charity in its operations at St Antony's and its grant making is delegated to the Director, Fr Nicholas Buxton and his able team of dedicated staff. The Financial Manual gives clarity on Financial processes and delegations.

The Board meets by zoom or in person four to six times a year as needed and conducts urgent business by correspondence. It is aware that it needs new and more members and is actively looking at options for this. The Board discusses and agrees staff pay reviews by comparing with market rates and the circumstances at the time of the annual review.

The Charity has no subsidiaries or trading arm and the only close relationship is with SSM Southern Africa which the Charity supports through a Restricted Fund, advised by an Advisory Group.

We are hugely grateful to our trustee colleagues and to all the Staff at St Antony's. It is time to review what we offer and what we do best and the Board will take this forward in 2022.

SOCIETY OF THE SACRED MISSION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
04943183 (England and Wales)

Registered Charity number
1101444

Registered office
St Antony's Priory
74 Claypath
Durham
DH1 1QT

Trustees
Revd Canon S J Bamber
Fr J Ewer
S Hogg Chair of Trustees (resigned 11/5/2022)
Revd Prof K Straughan (resigned 25/8/2021)
Fr R Stretton
M Tomlinson
The Ven R G Cooper

Auditors
Haines Watts North East Audit LLP
17 Queens Ln
Newcastle upon Tyne
NE1 1RN

Solicitors
Wrigleys Solicitors LLP
19 Cookbridge Street
Leeds
LS2 3AG

Accountants
Ribchesters Chartered Accountants
Finchale House
Belmont Business Park
Durham
DH1 1TW

TRUSTEES' RESPONSIBILITY STATEMENT

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

SOCIETY OF THE SACRED MISSION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES' RESPONSIBILITY STATEMENT - continued

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

AUDITORS

The auditors, Haines Watts North East Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on14/6/22..... and signed on the board's behalf by:

Shale Bamber.

.....
Revd Canon S J Bamber - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOCIETY OF THE SACRED MISSION

Opinion

We have audited the financial statements of Society of the Sacred Mission (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOCIETY OF THE SACRED MISSION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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, 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.

Our responsibilities for the audit of the financial statements

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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Charities SORP (FRS 102) 'Accounting and Reporting by Charities, Companies Act 2006 and UK GAAP (FRS102).

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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 Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOCIETY OF THE SACRED MISSION**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

S Easton

Stephen Easton FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts North East Audit LLP
17 Queens Ln
Newcastle upon Tyne
NE1 1RN

Date: 19/6/22

SOCIETY OF THE SACRED MISSION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | Unrestricted funds £ | Restricted funds £ | 2021 Total funds £ | 2020 Total funds £ |
|------------------------------------|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 3 | 105,381 | 1,781,446 | 1,886,827 | 92,435 |
| Charitable activities | | | | | |
| Income from charitable activities | 5 | 13,398 | - | 13,398 | 18,587 |
| Investment income | 4 | 210,796 | 102,929 | 313,725 | 336,029 |
| Other income | 6 | <u>9,177</u> | <u>-</u> | <u>9,177</u> | <u>8,822</u> |
| Total | | 338,752 | 1,884,375 | 2,223,127 | 455,873 |
| EXPENDITURE ON | | | | | |
| Raising funds | | 18,382 | 23,219 | 41,601 | 49,542 |
| Charitable activities | | | | | |
| Grant funding of activities | 7 | 23,404 | 59,290 | 82,694 | 79,590 |
| Support costs | | 20,708 | - | 20,708 | 42,273 |
| Activities undertaken directly | | 443,668 | - | 443,668 | 422,791 |
| Governance costs | | <u>11,489</u> | <u>-</u> | <u>11,489</u> | <u>6,219</u> |
| Total | | 517,651 | 82,509 | 600,160 | 600,415 |
| Net gains/(losses) on investments | | <u>564,140</u> | <u>544,110</u> | <u>1,108,250</u> | <u>(474,333)</u> |
| NET INCOME/(EXPENDITURE) | | 385,241 | 2,345,976 | 2,731,217 | (618,875) |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 9,667,162 | 3,430,275 | 13,097,437 | 13,716,312 |
| TOTAL FUNDS CARRIED FORWARD | | <u>10,052,403</u> | <u>5,776,251</u> | <u>15,828,654</u> | <u>13,097,437</u> |

The notes form part of these financial statements

SOCIETY OF THE SACRED MISSION

BALANCE SHEET 31 DECEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 15 | 1,341,176 | 1,416,308 |
| Investments | | | |
| Investments | 16 | 11,435,996 | 8,356,455 |
| Investment property | 17 | <u>2,900,002</u> | <u>3,025,002</u> |
| | | 15,677,174 | 12,797,765 |
| CURRENT ASSETS | | | |
| Debtors | 18 | 48,065 | 22,614 |
| Cash at bank and in hand | | <u>156,210</u> | <u>330,212</u> |
| | | 204,275 | 352,826 |
| CREDITORS | | | |
| Amounts falling due within one year | 19 | (50,795) | (49,154) |
| NET CURRENT ASSETS | | <u>153,480</u> | <u>303,672</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 15,830,654 | 13,101,437 |
| PENSION LIABILITY | 22 | (2,000) | (4,000) |
| NET ASSETS | | <u>15,828,654</u> | <u>13,097,437</u> |
| FUNDS | 21 | | |
| Unrestricted funds | | 10,052,403 | 9,667,162 |
| Restricted funds | | <u>5,776,251</u> | <u>3,430,275</u> |
| TOTAL FUNDS | | <u>15,828,654</u> | <u>13,097,437</u> |

The financial statements were approved by the Board of Trustees and authorised for issue on 14/6/22 and were signed on its behalf by:

Stalder

.....
Revd Canon S J Bamber - Trustee

The notes form part of these financial statements

SOCIETY OF THE SACRED MISSION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

| Notes | 2021 £ | 2020 £ |
|---|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Cash generated from operations 1 | <u>(219,553)</u> | <u>(487,839)</u> |
| Net cash used in operating activities | <u>(219,553)</u> | <u>(487,839)</u> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (680) | (170,657) |
| Purchase of fixed asset investments | (1,716,321) | (5,175,481) |
| Sale of tangible fixed assets | - | 20,400 |
| Sale of fixed asset investments | 1,523,850 | 4,884,745 |
| Dividend income | 238,623 | 275,326 |
| Interest received | <u>79</u> | <u>356</u> |
| Net cash provided by/(used in) investing activities | <u>45,551</u> | <u>(165,311)</u> |
| Cash flows from financing activities | | |
| Capital repayments in year | <u>-</u> | <u>(10,662)</u> |
| Net cash provided by/(used in) financing activities | <u>-</u> | <u>(10,662)</u> |
| | <u>-</u> | <u>-</u> |
| Change in cash and cash equivalents in the reporting period | (174,002) | (663,812) |
| Cash and cash equivalents at the beginning of the reporting period | <u>330,212</u> | <u>994,024</u> |
| Cash and cash equivalents at the end of the reporting period | <u><u>156,210</u></u> | <u><u>330,212</u></u> |

The notes form part of these financial statements

SOCIETY OF THE SACRED MISSION

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | 2,731,217 | (618,875) |
| Adjustments for: | | |
| Depreciation charges | 75,812 | 67,091 |
| (Gain)/losses on investments | (1,108,250) | 474,333 |
| Profit on disposal of fixed assets | - | (3,845) |
| Interest received | (79) | (356) |
| Dividends and rents received | (238,623) | (275,326) |
| Movement in SSM (SA) investments | - | (91,861) |
| Transfer of SSM (SA) donation | (1,653,820) | - |
| Increase in debtors | (25,451) | (12,243) |
| Increase/(decrease) in creditors | 1,641 | (24,757) |
| Difference between pension charge and cash contributions | <u>(2,000)</u> | <u>(2,000)</u> |
| Net cash used in operations | <u>(219,553)</u> | <u>(487,839)</u> |

2. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.1.21 £ | Cash flow £ | At 31.12.21 £ |
|--------------------------|----------------|------------------|------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>330,212</u> | <u>(174,002)</u> | <u>156,210</u> |
| | <u>330,212</u> | <u>(174,002)</u> | <u>156,210</u> |
| Total | <u>330,212</u> | <u>(174,002)</u> | <u>156,210</u> |

The notes form part of these financial statements

SOCIETY OF THE SACRED MISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Society of the Sacred Mission is a charity registered in England and Wales with the Charity Commission and is a company limited by guarantee.

The Charity's registered office is St Antony's Priory, 74 Claypath, Durham DH1 1QT. Its principal activity is set out in the Trustees' Report and relates to Christian ministry.

The financial statements are presented in the charity's functional currency of sterling and rounded to the nearest £1.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

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

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of listed investments where valuations can be subject to variations arising from external factors which can impact on the future actual results.

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually.

Critical areas of judgement:

Valuations of investment properties where the trustees have considered the information available to them and made a judgement accordingly.

Going concern

The financial statements have been prepared on a going concern basis. The directors have considered budgets, cash flows and the impact of events. The directors are satisfied that the charity has sufficient available resources, both in terms of cash and investments that can be converted to cash, such that there is no material uncertainty and the going concern basis of preparing the financial statements continues to be appropriate.

Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

SOCIETY OF THE SACRED MISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Income

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Company, can be reliably measured.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations are recognised on receipt.

Investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Expenditure on raising funds includes those incurred in managing the investments of the company. Support costs are those incurred directly in support of expenditure on the objects of the charity.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-------------------------|---------------|
| Freehold property | = 2% on cost |
| Building improvements | = 10% on cost |
| Equipment & furnishings | - 20% on cost |

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

SOCIETY OF THE SACRED MISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Fund accounting

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(losses) on investments' in the Statement of financial activities.

Listed investments are stated at fair value, being market value at the balance sheet date.

Investment properties are measured at their fair value at the balance sheet date based on an assessment by the trustees of the market value with reference to valuations and the current property market.

Programme related loans in the form of investments are stated at cost less any repayments and impairment.

Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the term of the lease.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

Liabilities

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Financial instruments

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

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES - continued

Investments

The Company is a member of a defined benefits pension scheme. The scheme is a multi-employer plan where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employees. Therefore, as required by FRS102, the company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of financial activities incorporating income and expenditure account represents contributions payable to the scheme in respect of the accounting period. Deficit recovery contributions are accounted for as the plan is agreed and discounted.

3. DONATIONS AND LEGACIES

| | 2021 | 2020 |
|-----------|------------------|---------------|
| | £ | £ |
| Donations | 1,881,827 | 92,435 |
| Legacies | <u>5,000</u> | <u>-</u> |
| | <u>1,886,827</u> | <u>92,435</u> |

Donations totalling £1,781,446 were restricted to the Southern Africa fund.

4. INVESTMENT INCOME

| | 2021 | 2020 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| Income from investment properties | 75,023 | 60,347 |
| Dividend income | 238,623 | 275,326 |
| Bank interest | <u>79</u> | <u>356</u> |
| | <u>313,725</u> | <u>336,029</u> |

5. INCOME FROM CHARITABLE ACTIVITIES

| | 2021 | 2020 |
|----------------------------------|---------------|---------------|
| | £ | £ |
| Income from guests and residents | <u>13,398</u> | <u>18,587</u> |
| | <u>13,398</u> | <u>18,587</u> |

All income in the above years was unrestricted

6. OTHER INCOME

| | 2021 | 2020 |
|---------------|--------------|--------------|
| | £ | £ |
| Royalties | 99 | 94 |
| Sundry Income | 8,438 | 8,438 |
| Room hire | <u>640</u> | <u>290</u> |
| | <u>9,177</u> | <u>8,822</u> |

All income in the above years was unrestricted

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. CHARITABLE ACTIVITIES COSTS

| | Direct Costs (see note 8) £ | Grant funding of activities (see note 9) £ | Support costs (see note 10) £ | Totals £ |
|--------------------------------|--------------------------------------|---|--|----------------|
| Grant funding of activities | - | 82,694 | - | 82,694 |
| Support costs | - | - | 20,708 | 20,708 |
| Activities undertaken directly | 443,668 | - | - | 443,668 |
| Governance costs | - | - | 11,489 | 11,489 |
| | <u>443,668</u> | <u>82,694</u> | <u>32,197</u> | <u>558,559</u> |

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

| | 2021 £ | 2020 £ |
|------------------------------------|----------------|----------------|
| Staff costs | 117,953 | 135,211 |
| Depreciation | 75,812 | 67,091 |
| Community costs | 232,607 | 210,491 |
| Travel and transport | 465 | 1,238 |
| Furniture and equipment | 9,223 | 1,254 |
| Publicity | 748 | 346 |
| Administration | 6,860 | 11,005 |
| Profit on disposal of fixed assets | - | (3,845) |
| | <u>443,668</u> | <u>422,791</u> |

9. GRANTS PAYABLE

| | 2021 £ | 2020 £ |
|-----------------------------|---------------|---------------|
| Grant funding of activities | <u>82,694</u> | <u>79,590</u> |

10. SUPPORT COSTS

| | 2021 £ | 2020 £ |
|-------------------------|---------------|---------------|
| Trustees' expenses | 1,309 | 2,067 |
| Bank charges | 762 | 745 |
| Auditor's remuneration | 11,489 | 6,219 |
| Legal and professional | 9,213 | 34,276 |
| Accountancy and payroll | <u>9,424</u> | <u>5,185</u> |
| | <u>32,197</u> | <u>48,492</u> |

SOCIETY OF THE SACRED MISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 2021 | 2020 |
|-------------------------------------|----------|----------------|
| | £ | £ |
| Depreciation - owned assets | 75,812 | 67,088 |
| Surplus on disposal of fixed assets | <u>-</u> | <u>(3,845)</u> |

12. TRUSTEES' REMUNERATION AND BENEFITS

Some of the Trustees are professed members of the Society. They donate their earnings to the Society and have their living expenses borne by the Society.

The Trustees received no remuneration or other benefits in connection with their duties as trustees.

Trustees' expenses

During the year expenses of £1,309 was reimbursed to 4 Trustees in respect of travel and subsistence costs (2020 £2,067 to 4 Trustees).

13. STAFF COSTS

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Wages and salaries | 105,801 | 124,887 |
| Social security costs | 2,784 | 2,490 |
| Contributions to defined contribution pension schemes | <u>9,368</u> | <u>7,834</u> |
| | <u>117,953</u> | <u>135,211</u> |

No employee received remuneration amounting to more than £60,000 in either year.

Included within other pension costs for 2021 is the reduction of the balance sheet liability of £2,000 (2020: decrease £2,000) in respect of the adjustment to notified deficit recovery contributions.

Key management personnel comprise the Trustees of the society, none of whom are remunerated.

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

| | 2021 | 2020 |
|-----------|----------|----------|
| | <u>7</u> | <u>7</u> |
| Employees | | |

No employees received emoluments in excess of £60,000.

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|------------------------------------|----------------------------|--------------------------|--------------------------|
| INCOME AND ENDOWMENTS FROM | | | |
| Donations and legacies | 92,435 | - | 92,435 |
| Charitable activities | | | |
| Income from charitable activities | 18,587 | - | 18,587 |
| Investment income | 236,189 | 99,840 | 336,029 |
| Other income | <u>8,822</u> | <u>-</u> | <u>8,822</u> |
| Total | 356,033 | 99,840 | 455,873 |
| EXPENDITURE ON | | | |
| Raising funds | 36,769 | 12,773 | 49,542 |
| Charitable activities | | | |
| Grant funding of activities | 30,200 | 49,390 | 79,590 |
| Support costs | 42,273 | - | 42,273 |
| Activities undertaken directly | 422,791 | - | 422,791 |
| Governance costs | <u>6,219</u> | <u>-</u> | <u>6,219</u> |
| Total | 538,252 | 62,163 | 600,415 |
| Net gains/(losses) on investments | <u>(303,082)</u> | <u>(171,251)</u> | <u>(474,333)</u> |
| NET INCOME/(EXPENDITURE) | (485,301) | (133,574) | (618,875) |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | 10,152,463 | 3,563,849 | 13,716,312 |
| TOTAL FUNDS CARRIED FORWARD | <u>9,667,162</u> | <u>3,430,275</u> | <u>13,097,437</u> |

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. TANGIBLE FIXED ASSETS

| | Freehold property £ | Building improvements £ | Equipment & furnishings £ | Totals £ |
|-----------------------|---------------------------|-------------------------------|---------------------------------|------------------|
| COST | | | | |
| At 1 January 2021 | 1,131,173 | 511,405 | 21,223 | 1,663,801 |
| Additions | | | 680 | 680 |
| At 31 December 2021 | <u>1,131,173</u> | <u>511,405</u> | <u>21,903</u> | <u>1,664,481</u> |
| DEPRECIATION | | | | |
| At 1 January 2021 | 177,990 | 64,524 | 4,979 | 247,493 |
| Charge for year | <u>20,357</u> | <u>51,141</u> | <u>4,314</u> | <u>75,812</u> |
| At 31 December 2021 | <u>198,347</u> | <u>115,665</u> | <u>9,293</u> | <u>323,305</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2021 | <u>932,826</u> | <u>395,740</u> | <u>12,610</u> | <u>1,341,176</u> |
| At 31 December 2020 | <u>953,183</u> | <u>446,881</u> | <u>16,244</u> | <u>1,416,308</u> |

Included in land and buildings is freehold land at a cost of £113,334 (2020: £113,334) which is not depreciated.

16. FIXED ASSET INVESTMENTS

| | Listed investments £ |
|---------------------------------------|-------------------------|
| MARKET VALUE | |
| At 1 January 2021 | 8,356,455 |
| Held for SSM(SA) as at 1 January 2021 | <u>1,653,820</u> |
| | 10,010,275 |
| Additions | 1,716,321 |
| Disposals | (1,498,888) |
| Revaluations | <u>1,208,288</u> |
| At 31 December 2021 | <u>11,435,996</u> |
| NET BOOK VALUE | |
| At 31 December 2021 | <u>11,435,996</u> |
| At 31 December 2020 | 8,356,455 |
| Held for SSM(SA) at 31 December 2020 | <u>1,653,820</u> |
| | <u>10,010,275</u> |

There were no investment assets outside of the UK.

Cost or valuation at 31 December 2021 is represented by:

| | |
|-------------------|-------------------|
| | investments £ |
| Valuation in 2021 | <u>11,435,996</u> |

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. INVESTMENT PROPERTY

| | £ |
|-----------------------|------------------|
| FAIR VALUE | |
| At 1 January 2021 | 3,025,002 |
| Impairments | <u>(125,000)</u> |
| At 31 December 2021 | <u>2,900,002</u> |
| NET BOOK VALUE | |
| At 31 December 2021 | <u>2,900,002</u> |
| At 31 December 2020 | <u>3,025,002</u> |

If investment property had not been revalued it would have been included at the following historical cost.

Cost £888,247 (£345,134 aggregate depreciation).

Investment property was valued on an open market basis on 31 January 2022 by Gerwyn Bryan Property Solutions.

18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 £ | 2020 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 31,500 | 13,500 |
| Prepayments and accrued income | <u>16,565</u> | <u>9,114</u> |
| | <u>48,065</u> | <u>22,614</u> |

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 £ | 2020 £ |
|---------------------------------|---------------|---------------|
| Trade creditors | 2,086 | 8,091 |
| Social security and other taxes | 1,713 | 1,304 |
| Other creditors | 190 | 91 |
| Accruals and deferred income | <u>46,806</u> | <u>39,668</u> |
| | <u>50,795</u> | <u>49,154</u> |

Deferred income totalling £4,746 (2020: £4,650) relates to rental and spiritual direction course income relation to the year ended 31 December 2022.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds £ | Restricted funds £ | 2021 Total funds £ | 2020 Total funds £ |
|---------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Fixed assets | 1,341,176 | - | 1,341,176 | 1,416,308 |
| Investments | 8,559,747 | 5,776,251 | 14,335,998 | 11,381,457 |
| Current assets | 204,275 | - | 204,275 | 352,826 |
| Current liabilities | (50,795) | - | (50,795) | (49,154) |
| Pension liability | <u>(2,000)</u> | <u>-</u> | <u>(2,000)</u> | <u>(4,000)</u> |
| | <u>10,052,403</u> | <u>5,776,251</u> | <u>15,828,654</u> | <u>13,097,437</u> |

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. MOVEMENT IN FUNDS

| | At 1.1.21 £ | Net movement in funds £ | At 31.12.21 £ |
|---------------------------|-------------------|----------------------------------|---------------------|
| Unrestricted funds | | | |
| General fund | 7,667,162 | 385,241 | 8,052,403 |
| Care of the elderly | <u>2,000,000</u> | <u>-</u> | <u>2,000,000</u> |
| | 9,667,162 | 385,241 | 10,052,403 |
| Restricted funds | | | |
| Kelham College fund | 3,408,196 | 493,974 | 3,902,170 |
| Durham fund | 22,079 | (3,473) | 18,606 |
| Southern Africa fund | <u>-</u> | <u>1,855,475</u> | <u>1,855,475</u> |
| | <u>3,430,275</u> | <u>2,345,976</u> | <u>5,776,251</u> |
| TOTAL FUNDS | <u>13,097,437</u> | <u>2,731,217</u> | <u>15,828,654</u> |

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 338,752 | (517,651) | 564,140 | 385,241 |
| Restricted funds | | | | |
| Kelham College fund | 91,753 | (63,843) | 466,064 | 493,974 |
| Durham fund | - | (3,473) | - | (3,473) |
| Southern Africa fund | <u>1,792,622</u> | <u>(15,193)</u> | <u>78,046</u> | <u>1,855,475</u> |
| | <u>1,884,375</u> | <u>(82,509)</u> | <u>544,110</u> | <u>2,345,976</u> |
| TOTAL FUNDS | <u>2,223,127</u> | <u>(600,160)</u> | <u>1,108,250</u> | <u>2,731,217</u> |

Comparatives for movement in funds

| | At 1.1.20 £ | Net movement in funds £ | Transfers between funds £ | At 31.12.20 £ |
|---------------------------|-------------------|----------------------------------|------------------------------------|---------------------|
| Unrestricted funds | | | | |
| General fund | 6,152,463 | (485,301) | 2,000,000 | 7,667,162 |
| Care of the elderly | <u>4,000,000</u> | <u>-</u> | <u>(2,000,000)</u> | <u>2,000,000</u> |
| | 10,152,463 | (485,301) | - | 9,667,162 |
| Restricted funds | | | | |
| Kelham College fund | 3,541,770 | (133,574) | - | 3,408,196 |
| Durham fund | <u>22,079</u> | <u>-</u> | <u>-</u> | <u>22,079</u> |
| | <u>3,563,849</u> | <u>(133,574)</u> | <u>-</u> | <u>3,430,275</u> |
| TOTAL FUNDS | <u>13,716,312</u> | <u>(618,875)</u> | <u>-</u> | <u>13,097,437</u> |

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 356,033 | (538,252) | (303,082) | (485,301) |
| Restricted funds | | | | |
| Kelham College fund | 99,840 | (62,163) | (171,251) | (133,574) |
| TOTAL FUNDS | <u>455,873</u> | <u>(600,415)</u> | <u>(474,333)</u> | <u>(618,875)</u> |

A current year 12 months and prior year 12 months combined position is as follows:

| | At 1.1.20 £ | Net movement in funds £ | Transfers between funds £ | At 31.12.21 £ |
|---------------------------|-------------------|----------------------------------|------------------------------------|---------------------|
| Unrestricted funds | | | | |
| General fund | 6,152,463 | (100,060) | 2,000,000 | 8,052,403 |
| Care of the elderly | <u>4,000,000</u> | <u>-</u> | <u>(2,000,000)</u> | <u>2,000,000</u> |
| | 10,152,463 | (100,060) | - | 10,052,403 |
| Restricted funds | | | | |
| Kelham College fund | 3,541,770 | 360,400 | - | 3,902,170 |
| Durham fund | 22,079 | (3,473) | - | 18,606 |
| Southern Africa fund | <u>-</u> | <u>1,855,475</u> | <u>-</u> | <u>1,855,475</u> |
| | <u>3,563,849</u> | <u>2,212,402</u> | <u>-</u> | <u>5,776,251</u> |
| TOTAL FUNDS | <u>13,716,312</u> | <u>2,112,342</u> | <u>-</u> | <u>15,828,654</u> |

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 694,785 | (1,055,903) | 261,058 | (100,060) |
| Restricted funds | | | | |
| Kelham College fund | 191,593 | (126,006) | 294,813 | 360,400 |
| Durham fund | - | (3,473) | - | (3,473) |
| Southern Africa fund | <u>1,792,622</u> | <u>(15,193)</u> | <u>78,046</u> | <u>1,855,475</u> |
| | <u>1,984,215</u> | <u>(144,672)</u> | <u>372,859</u> | <u>2,212,402</u> |
| TOTAL FUNDS | <u>2,679,000</u> | <u>(1,200,575)</u> | <u>633,917</u> | <u>2,112,342</u> |

SOCIETY OF THE SACRED MISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

21. MOVEMENT IN FUNDS - continued

General funds

The General Fund exists to provide a base for the generation of investment income to meet the operating costs of the charity. The charity is currently reviewing its strategic plan and will be developing a Reserves approach driven by that strategic plan.

Designated funds

Care of the elderly

The charity has designated a fund for the care of the elderly professed members of the society. They are all aged over 75 and the charity is committed to meeting all living and care costs during their lifetimes. The amount is difficult to quantify, and the amount of this designation is kept under review.

Restricted funds

Kelham College Fund

The Kelham College fund arises from a transfer from the Kelham Theological College Fund on 1 January 2004. The fund is used for the training of persons intending to take Holy Orders in the Church of England or any Church in communion with it, the training for mission of members of the Church of England or any church in communion with it and the training or education of persons working for the extension of Christ's Kingdom in any way connected with the Church of England or any Church in communion with it.

Durham Fund

This represents grant income received to fund recovery days at St Antony's Priory, Durham.

Southern Africa Fund

In September 2021 Society of the Sacred Mission Southern Africa resolved to transfer its assets to the Society of the Sacred Mission. This process was supported by advice from their legal advisors. It was agreed to hold these assets in a Restricted Fund for mission in Southern Africa. This Fund has been established and the Trustees of Society of the Sacred Mission have appointed an Advisory Group to advise its Trustees on the use of the Fund. The Transfer Letter signed by both Boards establishes the Terms of the Transfer and sets out the process in the event of any disputes or the dissolution of either the Charity or the cessation of the work of the South African Province.

22. EMPLOYEE BENEFIT OBLIGATIONS

Society of the Sacred Mission participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means 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 (2021: £9,368, 2020: £7,834).

A valuation of the scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m assessed using the following assumption

- An average discount rate of 3.2% p.a;
- RPI inflation of 3.4% p.a (and pensions increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a;

SOCIETY OF THE SACRED MISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2021

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Mortality in accordance with the 95% of the S3NA VL tables, with allowance for improvements mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

| % of pensionable stipends | January 2018 to December 2020 | January 2021 to December 2022 |
|------------------------------|-------------------------------|-------------------------------|
| Deficit repair contributions | 11.9% | 7.1% |

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

| | 2021 | 2020 |
|--|---------|---------|
| Balance sheet liability at 1 January | 4,000 | 6,000 |
| Deficit contributions paid | (2,000) | (3,000) |
| Interest cost (recognised in SoFA) | - | - |
| Remaining change to the balance sheet liability*(recognised in SoFA) | - | 1,000 |
| Balance sheet liability at 31 December | 2,000 | 4,000 |

* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

The liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

| | December 2021 | December 2020 | December 2019 |
|---------------------------------------|---------------|---------------|---------------|
| Discount rate | 0.0% | 0.2% pa | 1.1% pa |
| Price inflation | n/a% | 3.1% pa | 2.8% pa |
| Increase to total pensionable payroll | -1.5% | 1.6% pa | 1.3% pa |

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

23. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2021.

SOCIETY OF THE SACRED MISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. FINANCIAL INSTRUMENTS

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | £ | £ |
| Financial assets | | |
| Financial assets measured at fair value through income and expenditure | <u>14,335,998</u> | <u>11,381,457</u> |
| | <u>14,335,998</u> | <u>11,381,457</u> |

25. MEMBERS LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.