

Annual Report & Accounts

**Trustees' Annual Report and Financial Statements 2020
Scripture Gift Mission (Incorporated)**

**Company number 145932
Charity number 219055**

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REPORT OF THE TRUSTEES INCORPORATING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31 December 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011; the Companies Act 2006; the Memorandum and Articles of Association; and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES & ADVISORS

| | |
|----------------------|---|
| Charity Number: | 219055 |
| Company Number: | 145932 |
| Operating Name: | Lifewords |
| Registered Office: | 1A The Chandlery 50 Westminster Bridge Road LONDON SE1 7QY |
| Independent Auditor: | Mazars LLP 2 nd Floor, 6 Sutton Plaza Sutton Court Road Sutton SM1 4FS |
| Principal Banker: | Royal Bank of Scotland plc Drummond House, 1 Redheughs Avenue EDINBURGH EH12 9RH |
| Investment Manager | BNY Mellon Fund Managers Ltd Client Service Centre, PO Box 366 DARLINGTON DL1 9RF |

Key management personnel: Trustees and Directors

The Trustees of the charity are the Directors for the purposes of company law and throughout this report are referred to as "the Board" or "the Trustees". Board members serving during the year were as follows:

| | | |
|------------------------|---------------------|-------------------------------|
| Directors and Trustees | David Morgan | (Chair until 18 March 2021) |
| | Robin Baker | |
| | Liz Heyburn | (Chair from 18 March 2021) |
| | Mark Hurley | |
| | Jo Jowett | (appointed 23 September 2020) |
| | Bev Thomas | (appointed 23 September 2020) |
| Company Secretary | Eduardo Juan Harris | |

Key management personnel: Executive Team

| | |
|------------------------------------|---------------------|
| Creative & Communications Director | Steve Bassett |
| Finance & Operations Director | Eduardo Juan Harris |
| Global Bible Resources Director | Jarek Jankowski |

AIMS, OBJECTIVES & ACTIVITIES

The Charity is an inter-denominational Christian organisation, formed to take the Christian Gospel worldwide by the creation and predominantly free distribution of Scripture products and programmes. This is achieved through an International and UK Office in London, which also has close links with legally separate organisations in Australia, Brazil, Canada, India, Indonesia, Kenya, and USA. Our Global Bible Resources programme is managed and run from Poland.

AIMS

Working with partners around the world and with the church at large, the Charity works so that everyone, everywhere may have the opportunity to experience the Bible's life words as good news for their lives, and for the world. We do this by creating opportunities for life words to be shared and lived out. All our programmes, resources, literature, and digital tools invite people to explore the Bible for themselves. We build bridges across languages and cultures, creating new ways in to the Bible's good news for all.

Our aims are achieved by:

- Creation and free distribution of Bible literature, providing ways in to the Bible in many languages and for different audiences and cultures.
- Partnerships with a wide range of organisations to provide specialist Bible-based programmes, training, and resources for communities-at-risk.
- Provision of digital tools and resources to engage younger generations particularly with the Bible's life words on a regular/daily basis, as a way of life and practice.
- Ongoing research and development of new resources and programmes to engage specific communities and cultures with the Christian Scriptures, for positive change.
- Engagement with individuals, churches, trusts, and other organisations – providing ways for people to support the work of the Charity around the world.

The Trustees confirm that they have complied with their duty per the Charities Act 2011 to have due regard to the Charity Commission's general guidance on Public Benefit.

STRATEGIC OBJECTIVES FOR 2020

Alongside widespread distribution of resources, and provision of programmes with partners, in 2020 our particular strategic objectives were:

- Globally, to resource churches and individuals for personal evangelism, outreach, and pastoral care, through provision of Bible resources (print and digital) in 20+ key strategic languages. Increase the range of resources available in our 22 key languages: fund translation and production of key booklets in more languages, e.g. *The Way to Life* in several languages.
- In the UK, to encourage churches to share the Bible with their local communities at key 'mission moments' in the year (Christmas and Easter especially) and in specific contexts – e.g., mental health.
- To provide effective ways into the Bible (and specifically to the way of Jesus) for young people and young adults in the UK and global culture, so that they might experience life words as good news that makes a difference in their lives and in the world.
- Globally, to extend the reach of our existing Bible programmes and to increase the impact of life words in local communities.
 - Equip more partner organisations to use Pavement Project with children-at-risk through a 'training of trainers' approach, plus an app. and other online developments.
 - Maintain ability to deliver quality Bible resources in a range of relevant languages – recognising our core competence in printed resources, but also looking to develop more digital output.
 - Review and develop our Life-changing Words (LCW) app.

- Continue to develop our digital reach, content creation and outreach to add to our youth/teen material.
- Continue to engage existing UK supporters as partners; as 'sharers' of life words, as prayer partners, and financial donors.
- Prioritise the development of UK networks for impact and support to increase profile and engagement with UK Christians.
- Review existing communications & supporter engagement with a view to improved performance.
- As part of our commitment to reach young people and young adults in global culture, continue growth and development of NINE BEATS – positioning the 'curriculum' side of the project (The Ninefold Path) as a 'core' Lifewords offering to churches and groups.
- Continue to shape Pavement Project with the 'training of trainers' model in the locations where we are currently based. The shift to use of a digital app and online resources will continue apace through the year. Our vision is to establish enough trainers to allow us to scale down our own training programme and allow partners to take training forward in these locations. Our aim is to make training easier, less reliant on our capacity to deliver in-person workshops and follow-up, and more accessible to a wider range of people – increasing the potential reach and impact of Pavement Project. We will continue to manage and deploy options strategically.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR

Providing ways in to the Bible

"... and they will call him Immanuel (which means "God with us")" Mt. 1:23 NIV

2020 became an unforgettable, extraordinary year. A year when COVID-19 turned everything upside down, when ministry plans were scuppered in the midst of loss, grief and uncertainty. It meant digging in and holding on to what became our Christmas message, that God is with us, Immanuel, and *nothing* can separate us from the saving love that Jesus came to show us. That Jesus was *"a man of sorrows, acquainted with grief"* (Is. 53:3 RSV) was - and is - our comfort. Indeed, we are not alone.

With the Coronavirus pandemic - together with natural disasters, the cry for Racial Justice, call for Climate Change urgency and more, all happening at the same time, the challenge of 2020 for us at Lifewords was to live up to our name: to speak and offer Life from the Bible's words in the face of death, and solace in the anguish of grief, hopelessness and pain – and to reach out to those we minister to – bringing them words of life wherever they found themselves.

Original plans were continually in flux as new challenges emerged almost daily: postal services around the world disrupted, face-to-face counselling and evangelism more difficult, fewer and fewer church group meetings, financial challenges, and most of all dealing with the impact of COVID-19 amongst ministry partners, colleagues and ourselves. We hope that you will be encouraged that the work continued despite everything: our Bible booklets were still widely used, and our resources and interaction grew online to reach the world and serve the church as people looked to other ways of sharing the Gospel and having fellowship.

Still, we continued to work out of our 132-year heritage of Bible and mission to serve the church and to reach the world. We did this through our core range of literature, through supporting resources both online and physical, through unique mission, through innovative contemporary projects, and through partnership with our supporters. And by adapting to the situation and crisis that enveloped us all. All our work in creating ways into the Bible is rooted in responses to strategic needs, mission contexts, the equipping of the church, and the needs of the world at large: 2020 was a year that tested all of this.

Specifically, our 2020 activity comprised of Bible literature and resources; our work with children and teens through Pavement Project and Choose Life; online platforms such as Life Changing Words; projects for youth and young adults (VerseFirst and NINE BEATS), and our ongoing development of church supporter relationship, and most of all, our response to the unique mission challenges of COVID-19.

Ways in to the Bible – ‘core’ audiences

Literature

Overall, in 2020 Lifeworlds freely provided 553,000 copies of printed resources (individuals, churches, and organisations) around the world [2019: 1,073,000]. This reached 52 countries in 44 languages [2019: 70 countries in 44 languages]. All our resources provide people with a way in to the Bible’s life words for themselves. Partners once again used Lifeworlds resources to share the Bible through church events, personal evangelism, and outreach work; with families, refugees, and the elderly; with exploited women, at-risk children and people with disability; and through chaplains in hospitals and prisons, drop-in centres and schools – and as the year progressed, to bring God’s Word in the midst of new trauma.

Despite the severe restrictions and delays of global post systems, and impact of the pandemic on mission work as a whole, our **Global Bible Resources** programme managed to respond to needs of people around the world with strategically chosen resources in a core of 22 key global languages – as well as in other languages with specific needs. Despite everything, in 2020 we still freely fulfilled 3,242 orders (3,928 in 2019) generating 216,008 physical resources for 49 countries in 41 languages – compared to 2019’s 493,064 resources for 67 countries in 40 languages.

Our team in Poland under Jarek Jankowski did a sterling job in the face of Covid-induced, huge distribution challenges affecting global postal systems. For many months the postal service in several countries was suspended or severely limited. In the second part of the year, the situation gradually improved, but many regions remained unavailable or only reachable via more expensive priority mail services. This all resulted in a 55% decrease in annual distribution. Still, this was a very good result when taking into account the circumstances. The decrease in orders was expected, but not perhaps as big as feared - nearly 20% fewer parcels were sent in 2020. Again, a very good result when keeping in mind the fact that several regions were not accessible, many outreach actions/events were cancelled, and church activity was reduced around the world.

While 2020 distribution was lower, we did not pause our product development, preparing for when things improve. 23 new titles and revisions were printed, including five high-demand reprints, six new titles and twelve reworked and reformatted titles, amongst which were 5 *Choose Life* booklets prepared with the Brazilian team for partnership distribution in Brazil. The list included versions in Arabic, English, French, German, Polish, Portuguese, and Spanish.

“Since it is the Thanksgiving and Christmas season, will be using these to share with friends and colleagues for the Glory of God.” (India)

“Our planned activities in Coffee House are ready. The parcels are almost complete, each one, apart from sweets, various items, disinfectants, etc., also includes your One of us leaflet. Good things are happening now also thanks to Lifeworlds. Praise God for all changes in people’s lives and God’s grace.” (Poland)

Across our ministry, although physical numbers were expected to drop, the interesting counterpoint is in our digital and online reporting – details follow below.

UK

Easter resources

For Easter, we ran an online project telling the Easter narrative ‘in real time’ – with posts framed as if events were happening that day. This was in part an experiment but showed enough promise for us to continue looking in to how we create engaging Bible resources in digital spaces.

“I never really thought about this before, thank you so much for sharing. I can’t express the amount of love that I have for the Saviour, and this Palm Sunday will definitely grow my love for Him only exponentially! Thank you!” (anon., UK)

Christmas resource

A new resource responding to the loss and grief of the pandemic was released for Christmas 2020. Both a physical booklet and digital resource, *The True Light* offered a message of hope in the extraordinary situation, and an encouragement to 'fear not' in these difficult times. 28k were distributed and across the entire Christmas range, 68k. With Scripture episodes from the Nativity narrative, bookended by John 1, and framed with contemporary collages, it gave people an opportunity to journal and reflect on how *The True Light* found them at Christmas. Online animations also engaged viewers. Public responses can be viewed at <https://www.lifewords.global/projects/christmas-2020/>

Media coverage included Cross Rhythms Radio, Premier Christian Radio, Revival FM Radio plus advertorial in Keep the Faith and Christianity magazines.

"... a beautifully designed telling of the nativity 'where hope meets real lives' – its hugely enriching. Love the images here". (Corin Pilling @ The Sanctuary)

"We love using Lifewords publications because they seem to speak into people's lives in accessible ways. This is the beauty of these publications - how can we speak into the troubles of today yet convey sensitively yet sincerely the love of God which is available to all . . . They are a great nudge and we trust that God will do the rest." (Jenny Bourne – The Ark Bus)

"I think the tone of The True Light was just right." (Anne Loudon, The Mission, Aberdeen)

Digital

We carried out planned developmental work on our long-serving Life-changing Words app., improving functionality and user interface. 6,234 new people installed the LCW app, taking the total number of *all-time* installs to 47,329. There were thousands of interactions with the Bible verses – 18,240 shares and 68,297 verse/category responses. By the end of 2020, 26,522 people, representing over 200 countries, were receiving the LCW email daily from all our digital sources.

Throughout 2020, as churches increasingly operated online, we began creating short, simple animations of booklets. In December alone, these animations were displayed 3.5m times on Facebook, and 445,670 people watched the full (short) video - recording 19,965 reactions and 9,966 shares. In total, since August (when we launched the first version) until December the animations were displayed 7.3m times on Facebook, and 885,385 people watched them fully (this resulted in 52,702 reactions and 15,169 shares). In the difficult year of reduced physical distribution, electronic versions of the booklets have reached nearly 900k people. Apart from Facebook, which is our major channel for distributing the animations, they are also available on YouTube where 3,789 people had watched them by the end of the year. Both animations (*An Invitation* and *Finding Hope*) are currently available in nine languages. More animations of key range titles and more languages will follow.

More broadly, in response to increased interest in our digital resources we made digital resources part of the global catalogue. Now, people can order digital materials in exactly the same way as printed materials. Apart from watching our animations on Facebook or YouTube, people can receive the animation files and share them with friends on WhatsApp, show them during online events, or use during face-to-face meetings/services (when available). This change means a new promotion/distribution channel for our growing portfolio of digital materials.

"Beautiful message, ravishing words ... See it for yourself!" Krystyna (Poland)

Josette (Madagascar): *"Yes, when everything collapses in life, don't panic, God is there to lift everything up and put everything in place. Let's trust He does not abandon us, amen. "*

"It is necessary to read God's Word. God is our refuge, our fortress, He can provide us with real security, because He is superior to anything that might threaten us. You just need to trust Him." Alicja (location unknown)

Lifewords digital

In the UK, our work in improving digital content has contributed to increased visibility, algorithm and reach expansion on Instagram and Facebook. Our most engaged-with post was an animation of *The True Light* on Instagram – notching up 1,182 likes and 5,432 views, with our followers increasing to more than 300. Our reach went from 150 people via paid-for promotion to 46,000+. Similarly, our Facebook following rose 44% to 1.8k. All of which indicates encouraging progression, albeit with much more to do.

Other resources

Ways into the Bible - unique mission opportunities

Pavement Project

COVID-19 restrictions have made it too risky for workers to visit with vulnerable children. Perhaps the biggest accelerated impact of the pandemic on the project was to implement counselling via Zoom, reaching children in their own homes, which are often not safe places in this crisis. The development and launch of the Pavement Project 'app' accelerated and was piloted. Online counselling started in Brazil and in Spanish speaking countries where we trained workers already using the app. 34 workers from 9 countries were cleared to help children from 9 years old, young people, and their adult relatives – with equally effective results – making a huge difference to children.

The tumultuous year of 2020 also saw Pavement Project's 20th anniversary! Celebrations will resume when restrictions ease, especially when churches can gather. However, an online celebration was held, and stories of transformation shared from 9 countries.

Apart from the virtual initiatives, an in-person training took place in Paraguay (six new educators trained to use the Green Bag app). It was the first and only session carried out in the midst of the pandemic so far (all Covid protocols were applied).

During the pandemic period, our team participated in many virtual activities, bringing knowledge about the care and protection of children, in support of various organisations and partners. These included starting a family abuse prevention campaign in response to the problem which has increased during the pandemic as a result of stay-at-home policy. Initiatives included: *Care, Protection and Rights* – a Facebook and Instagram series with content for Brazilian workers and family members, focusing on protection and restoration of children (over 6k views and over 500 reactions). Other measures included *Protective Families* – a meeting held in partnership with Viva Network Colombia to help families protect children from the dangers during the pandemic. *Actions to Protect Children and Adolescents Against abuse* – an online forum organised by Ação Voluntária and Associação PEDE Brasil; a virtual workshop on how to self-protect against sexual abuse. The content directed to the public has stimulated the search for Lifewords Pavement Project and its resources.

Since 2017, Lifewords has been invited to speak to YWAM missionaries in their Discipleship Training School (*ETED*) on the theme "Children at Risk". In 2020 we ministered virtually to the group of young missionaries who are working in Roraima, North of Brazil, with Venezuelan refugees.

In July, actions were taken to meet the needs of interned teenagers at DEGASE (General Department of Socio-Educational Actions for teenagers in conflict with the law in Rio). With the financial support of Mission Alliance, books, material for handicrafts, personal hygiene and cleaning kits were donated to four units, reaching approximately 700 interns.

Clenir dos Santos (Pavement Project Director) contributed a chapter to a new multi-author book 'Understanding God's Heart for Children: With the Child in the Midst'. It is an exciting publishing opportunity led by Viva Network UK. Lifewords contribution brings together practice and academic reflection.

"I am immensely grateful to the creators of the green bag for this extraordinary tool. Jonathan's first encounter with the God of the Bible, in one of the most difficult moments of his childhood, gave him the assurance, in his small and receptive heart, that he would never be lost in the hands of God."

Margarita, Acapulco, Mexico

AUSTRALIA

At the start of 2020, huge bushfires provoked requests for pastoral resources. Lifewords Australia ran an online fundraising campaign and a more traditional appeal to provide resources to chaplains and those who support victims of the bush fires.

"I work with emergency services and Ambulance Officers all around Sydney... It is often the personal issues that overshadow the things we might assume to be touchpoints. The gentle approach of the Lifewords' resources is appealing to me and the receiver... They see the resources as supportive and kind. That's what we're looking for." [Bruce, Ambulance Chaplain NSW]

A Ninefold Path 'Learning Lab' project saw 124 people spend 8 weeks together in an online Leadership Training group experience, focused on the beatitudes. Many are looking to take their own groups through The Ninefold Path. Already, nearly a dozen Churches of Christ groups in Adelaide have planned their own Learning Lab training. A 30-event tour with Mark Scandrette (largely in/around Sydney & Adelaide), connected Lifewords with numerous churches, and a network of pastors who are wrestling with better ways to lead churches into practicing communities of faith.

With over 80 new database connections and 30 "welcome packs" with resources and broader introduction to our work sent out, this represented what would usually take a significant marketing effort to get new (interested) subscriptions and collaboration.

AFRICA

Digital resources helped us reach people and our online activities significantly increased; throughout the year, we continued to receive numerous stories of impact as we creatively interacted with our audience.

"Every aspect of my life has changed, and God has become my first priority... My family and friends have also noticed the transformation that has taken place in my life." Elizabeth, RISE Bible Club.

"[Life-changing words] is a wonderful tool that helps a child to memorise scripture and also to pray every day inspired by God's word." Children's Pastor, Nairobi

"Finding Hope booklet has helped me so much . . . I find the booklet sensitive to my reality of sufferings as well as pointing me to hope and healing in my God." Marion, Nairobi

Despite the restrictions to visit prisons in Kenya, our digital resources are easily and conveniently finding their way both to the officers and inmates - among them *Daily Strength*, *Finding Hope* and *Inspiring Prayer*.

4,000 copies of resources were distributed to Kenyatta National Hospital, used by the COVID-19 patients in the isolation rooms and in quarantine centres. We maximised the use of downloadable resources to reach thousands daily with the life changing words of the Gospel.

We entered a partnership with the Kenya Defence Force (KDF) to use Lifewords' Bible Resources and programmes in the outreach to their camps and communities. A bespoke version of *The Little Book of Character* – the cover of which bears their uniform – is now printed and ready for their use.

Choose Life partner Samaritan's Purse in Kilifi are reaching out in the coastal area. Their water and sanitation programme presented an opportunity to speak the message of Choose Life through the epidemic, making use of the Swahili translations to integrate the message with their mission. Pastor Daniel is running a programme online, offering spiritual nourishment to prepare the young generation for the future.

Other innovative partnerships in response to COVID-19 include one with the Young Mentors Initiative in Kibera, Nairobi - reaching out to the community through basic safety measures like soap and running water and supplying food stuffs, masks and sanitisers for 50 most vulnerable families. And in Zimbabwe with Viva Network Zimbabwe, we assisted 1,500 children with counselling and healing from traumatic experiences and provided workers with PPE.

INDONESIA

Ex-Refugees, farmers, fishermen, students, teachers, pastors, evangelists, people of other faiths, unreached people groups, prisoners, and perhaps most of all, thousands of children - the list goes on, and Lifeworlds is sharing good news with them all in the world's largest Moslem nation of Indonesia.

National Director, Gunar Sahari successfully moved a number of activities to digital formats and channels. Over 400 children joined Lifeworlds for a day-long online web festival national Children's Rally. A webinar "Children Today, Leaders Tomorrow" was joined by 250 pastors and Church leaders - introducing them to Lifeworlds' resources for children, sharing inspiring videos and training them in using our materials (The Visible Story, flip cards, etc).

In September, October and November, a weekly webinar, "New Normal, New Inspiration", promoted Lifeworlds' ministry and trained people in using our booklets/resources. The webinars were attended by 50 pastors, Sunday School teachers, and church leaders from different denominations, seminars and organisations based in various parts of the country. More regular web-based events are planned, and we are exploring options for online Pavement Project training.

Working within COVID-19 protocols, nonetheless Gunar was able to report about 420 Pastors and church leaders, Sunday School teachers, students joining training; about 300 children using our material (most professing faith in Jesus); 5 new clusters for children's ministry; 'mobile mission' visiting 5 new areas; 4 new partners; distribution of 2,500 packages of groceries to help those people affected by the pandemic, plus 500 food parcels for street children.

With a volunteer team, Lifeworlds celebrated birthdays with some children: many have never experienced a birthday celebration in their life. This small touch makes ministry personal, loving, and life-changing – even in the midst of a pandemic.

"Every Sunday School teacher and all volunteers commit to tell Bible Stories and through that story they can invite children to make a decision to receive – and follow - Christ!" Gunar Sahari (Indonesia)

INDIA

In lockdown, the church and mission organisations acted to address some of the pressing socio-economic needs and issues for which the government didn't take action. Lifeworlds was involved in setting up helplines to address emotional trauma – one in Bangalore and the other a nationwide helpline. Teenagers, youth, women & men are assisted through this helpline for emotional healing.

At the beginning of the pandemic there was a big exodus of migrant workers from cities to rural areas as most of them had lost their livelihoods. Thousands of men, women and children started walking back to their villages hundreds of kilometres away. Lifeworlds, along with other agencies under the banner of "#Help Migrant Workers" helped raise funds, logistics and sent provisions to be distributed among vulnerable communities in North India. With the help of partner organisations, Lifeworlds also helped

arrange shelter for young girls who were out on the streets until they were able to safely board trains to reach their homes.

Lifewords was given Certificates of Appreciation by the State government and the Ministry of Health for the work in helping the COVID-19 affected community in Bangalore during the months of June to September.

A Christian group in an IT firm were excited to share our Bible resources including *The True Light* as a Christmas gift with 180 of their non-Christian colleagues who had registered for their Christmas programme.

Impact India, in partnership with Evangelical Fellowship, conducted a Medical Camp in Sonagachi in December. Sonagachi is Asia's largest red-light district in Kolkata, West Bengal, with several hundred multi-storeyed brothels and an estimated 7,000 sex workers along with more than 10,000 children. 3,000 Lifewords Bible resources in Bengali, Hindi, Tamil and Telugu were used to share the good news during the camp.

Ways in to the Bible - Reaching and engaging new generations

VerseFirst

As part of our Easter range, the 'real time' re-telling of the Easter narrative detailed above was a learning experience that yielded good engagement. On Facebook we had a total of 437 shares, likes and comments. On Instagram we monitored total engagement of over 1,000 shares, likes and comments in total. Our most popular post received 301 likes and 19 comments and another one of the posts received 4,175 impressions. Overall, the campaign totalled just under 20k impressions.

"I never really thought about this before, thank you so much for sharing. I can't express the amount of love that I have for the Saviour, and this Palm Sunday will definitely grow my love for Him only exponentially! Thank you!" – Anon

Then, we had prepared a season of *VerseFirst* posts under the title *EarthFirst* – exploring the Bible and climate Justice. The digital reach of this cycle, plus the digital aspect of the Christmas resource *The True Light* was excellent. One of our *EarthFirst* posts on Instagram reached 101,200 people. *EarthFirst* also generated the most engagement, with likes averaging 1k and saves per post of 175 – demonstrating the way that the climate / Scripture interface connected with the audience. We are improving steadily and will push on further with this developmental work in 2021.

Overall, since 2019, we have been shifting the age demographic of the majority audience downwards. Our majority following now is in the 25-34 bracket (39%) followed by 18-24 (23%). A small but significant shift has seen our 13-17 audience grow to 11%. Thus, almost 73% of the audience is under 34.

NINE BEATS

With COVID-19 massively impacting 'live' gatherings, our ongoing lead outreach to young people and young adults consolidated online to further our vision to see people from diverse walks of life inspired and transformed by the life changing words of Jesus found in the Beatitudes.

In addition to events in Australia (detailed above), six Ninefold Path Online Learning Labs – 5/6 days each lab – were run with leaders from Europe, USA, Australia, and UK (including partnership with Order of the Mustard Seed, a monastic community in the UK, and Fresh Expressions) – approx. 100 attendees in total. An online 'master class' over two days with 19 leaders from Europe, USA, and UK enabled us to set up 'cascade' training as people were trained in facilitating a practice-based formation group. Three NINE BEATS webinars were released – linking a beatitude to contemporary cultural issues, and featuring the voices of Black, Asian and Minority Ethnic speakers. On the arts/music side of the project, three online streaming events featuring music, conversation and teaching garnered c.3k views on Facebook (excluding late watchers).

A revision of 'The Ninefold Path Notebook' was published (smaller in size with same core content) and sold in packs of five, making it more akin to a 'classic' Lifewords style resource.

"It's not a Bible study, it's not just a good chat, it's applied theology, it's practice, it's useful, it's a way of life!" – Jamie Sweet, USA

"The Ninefold Path is an interactive and deeply thought-provoking exploration of how to live the way of Jesus not just learn more about it. Learning in community with others feels like sitting around a campfire on the journey and finding new truths together." – Belinda Norrington, UK

"A phenomenal discipleship resource and transformational experience of the radical Way of Jesus." – Erik Jespersen, OMS

To keep momentum up through the lockdowns, a 4-track EP by Collective member, Heatherlyn, was released digitally. *"1st time you hear 'When Dies the Day' you gasp with amazement as It's so beautiful. A lament with a Celtic flavour was instantly replayed by this reviewer."* (UK Review)

Press, PR and promotion included on-the-page print ads along with digital ads placed with CRE, Keep the Faith Magazine, Premier Christianity Magazine, Women Alive, CCC/CARE Outreach, LouderThanMusic (one of the largest UK Christian Contemporary music websites) and NeverForNothing (CCM newsletter), and a campaign to 250 radio stations.

We have found a genuine connection between Lifewords church engagement strategy and growing opportunities to network with key leaders and influencers across the church in the UK with Ninefold Path. For example, a conversation began in 2020 with the Learning Network within the Methodist Church, in North-West UK leading to an invitation to introduce NINE BEATS into their work in 2021. Such opportunities will be a focus for UK development post-COVID-19.

FINANCIAL REVIEW

Income was £1,541,068, a decrease of £441,181 (-22%) on the previous year [2019: decrease of £27,728]. This reflects lower donations and grants (a decrease of £6,842 on 2019) and lower legacy income (a decrease of £441,835 on 2019). The financial statements show that 60% of income came from donations and grants [2019: 47%], 37% from legacies [2019: 51%], and 3% from literature sales, investments and other income [2019: 2%]. Total expenditure was £1,493,834 – a decrease of £317,147 (-18%) on the previous year [2019: decrease of £63,004]. The Charity spent 92% of total expenditure on developing, producing, and delivering products and programmes in the UK and overseas [2019: 91%]. 8% was spent on raising funds [2019: 9%].

During the past financial year there was a surplus on ordinary activities of £47,234 [2019: surplus of £171,268]. The net movement in funds in 2020, which includes other recognised gains and losses, produced a deficit on the total funds of £800,330 [2019: deficit of £330,488]. This deficit includes FRS102 actuarial losses on the defined benefit pension scheme of £843,000 [2019: actuarial losses of £617,000].

Reserves policy

The Board has a formal reserves policy which is to hold in reserve sums to cover six to nine months' planned expenditure (currently calculated at £1m-£1.5m) in order to respond to any (unforeseen) change in circumstances and levels of income. Through the approval and management of appropriate budgets the Charity also ensures it is in a position to maximise investment opportunities. Free reserves at 31 December 2020 (calculated as net assets, excluding restricted funds, the pension reserve, property & fixed assets and stock) were £1,905,191 [2019: £1,985,549]. This is above the reserves policy level (taking into account legacies recently notified, and also plans for future use of Ministry Development funds) and is considered adequate to meet the needs of the Charity.

Investment policy and review

The Trustees pursue an investment policy on behalf of the Charity which provides a balance between income and capital growth, with a medium level of risk over the longer term, thereby enabling the Trustees to meet their objectives in respect of the requirements of the charity. Designated funds have been invested in the Newton Growth & Income Fund for Charities in line with the above policy. The performance of the Newton Fund during the year was 2.2% against the comparative index of 1.1% [2019: performance of 19.1% against comparative index performance of 16.7%]. During the year the Fund outperformed its comparative index by 1.1% [2019: outperformed by 2.4%]. The fund remains ahead of the index over three, five and ten years. At the end of the year the investments in the Newton Fund showed cumulative unrealised gains of £408,498 [2019: unrealised gains of £413,061]. The Trustees are satisfied with the current return on capital.

Pension fund

The Charity has two pension schemes. One is a defined contribution scheme with Aegon which is currently open to new members and meets the requirements of auto-enrolment. The second is a defined benefit scheme invested with Legal & General and administered by Barnett Waddingham LLP, which has been closed to new members since 25 March 2003 and closed to new accrual since 23 May 2012; and which, for the purposes of FRS102, showed a funding deficit of £2,829,000 [2019: deficit of £2,091,000]. The corresponding asset / liability does not result in an immediate cash flow impact on the Charity. In September 2014 the Trustees put in place a contingent asset security agreement with the trustees of the defined benefit pension scheme (on a property currently valued at the book value of £748,096) to strengthen the employer covenant and to give the pension trustees greater financial security over the assets of the employer. During the year the 2019 triennial valuation was finalised and a new Recovery Plan agreed (£160,000 per annum increasing on each 6 April by 2% until April 2034, replacing the previous Recovery Plan of £120,000 per annum increasing on each 6 April by 2% until July 2029). Contributions to the pension plan are met through additional contributions from the Charity. The pension liability is therefore excluded from the free reserves calculation. Details of the retirement benefit schemes are disclosed in Note 19 to the financial statements.

PLANS FOR FUTURE PERIODS

In summary, our priorities for 2021 are to ENGAGE with Churches and new/existing audiences more and better; DELIVER great projects online, in print and 'live' (especially innovative new resources and digital-first projects); ELEVATE internal and external profile of supporter relations; and RAISE funds, churches profile and support.

Bible Resources: We will continue to maintain our core delivery of Bible resources in relevant languages whilst adding to this range and investing in digital delivery of this ministry to augment print. Scripture Gift Mission was built on a core range of Bible literature in multiple languages – equipping hundreds of thousands of Christians all over the world in their witness, evangelism, discipleship and proclamation of the Gospel. We are especially known for our work in more than 200 'pioneer' languages. Today, we offer a range of literature in over 20 languages. In 2021, we will begin a project that will refresh our existing library and start to extend the range of languages year-on-year, building up to at least two core titles (print & digital versions) in fifty languages by 2023. This will be an incremental project, and we will be inviting donors to partner with us, beginning with the first batch of translations. This in addition to any needs that come to us as language priorities outside the 'list'.

Digital: Continue to apply learning of the migration to online experienced through the pandemic. Both in ensuring accessibility of existing resources and in working to create new, authentic 'digital-first' engagement with Scripture. We will invest in digital development and invite supporters to partner in that process – e.g., by gathering young digital creatives and curators to release the potential of life words online.

Marketing/comms: We will complete our review of all communications channels and further implement necessary change/adjustments – adding capacity where required. Looking to increase ministry profile and range/efficacy of resources available – working to increase reach and profile of/through church-focused and culture-facing resources/programmes/projects/initiatives.

Church engagement: Complete strategy revision and move further into implementation, increasing presence, profile and positioning within UK churches. This will range across marketing, communications, promotions, events and church partnership development.

Bible Engagement projects: We will continue to refine our larger ‘scale’ projects and programme such as Pavement Project and NINE BEATS, maximising connections and drawing in partners who will take on ‘heavy lifting’ aspects on these projects, both practical and in terms of financial burdens.

Pavement Project will continue to develop online, taking the learning and application from the experience of 2020 to embed app and online training and counselling in addition to renewed in-person counselling when protocols allow. The ‘train-the-trainers’ model will continue. with growth in other territories anticipated.

NINE BEATS similarly will apply the online learning and also resume ‘live’ events to further connect with churches and the culture at large.

Funding: Our ongoing task continues to seek new funding sources, nurture existing trusts and individual donors and to approach new funders for the ministry across traditional, ‘core’ and new digital and ‘entrepreneurial’ donors. Again, we will prioritise the development of UK networks for impact and support, and work with other Lifeworlds organisations outside the UK to better engage more people in this work of sharing the Bible around the world.

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing document

Scripture Gift Mission (Incorporated) is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association dated 30 December 1916, and altered by subsequent special resolutions, the most recent being dated 23 June 2011. Anyone over the age of 18 can become a member of the Company and there are currently 69 members [2019: 70], each of whom agrees to contribute £1.05p in the event of the winding up of the Company.

Organisation

The Board administers the Charity and meets at least four times a year. To facilitate effective operations, the Board has established an International Executive Team to lead the Mission and who have authority, within terms of delegation from the Board, for operational matters including finance, employment, and programme-related activity. The International Executive Team consists of the international directors: Steve Bassett (Creative & Communications), John Harris (Finance & Operations), Jarek Jankowski (Global Bible Resources), Clenir dos Santos (Pavement Project), and Dan Hardie (Australia/NZ). The day-to-day operations in the UK are overseen by Steve Bassett & John Harris with Jarek Jankowski in constant contact.

The Charity is the leading member of the Lifeworlds global family of organisations. The other members are separately incorporated companies in their respective countries. In 2020, there were agency agreements with member organisations in Australia, Brazil, Canada, Kenya, India, Indonesia, and USA. Our Global Bible Resources programme is managed and run from Poland.

Appointment of trustees

Trustees are appointed by the Board or by Ordinary Resolution of members for a three-year term and are eligible for re-election on two successive occasions only. A trustee cannot serve for a period of more than nine years, save with approval by unanimous vote from the Board.

Trustee induction and training

An introductory pack for potential trustees is in use. A programme of preliminary meetings with the Executive Team and Board members (including the Chair) precedes an invitation to attend a Board meeting, prior to an invitation to join the Board. Trustees are offered the opportunity to attend trustee training courses such as those provided by the National Charity Voluntary Organisation (NCVO).

Related parties

The Charity has two wholly owned dormant subsidiary companies in which the share capital is unpaid. Only Lifewords Ltd is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2020.

The Finance Director and Company Secretary acts as trustee for the charity Radstock (Eccleston Hall) Trust; until October 2020 he was also a trustee of Childs Charitable Trust. Both of these charities gave grants to the Charity during the year, the aggregate total of which was £342,000 [2019: £369,000].

Jadan Reeves-Bassett, son of the Creative Director, was paid £7,725 for design services [2019: £3,020].

The aggregated total amount of donations received without conditions from key management personnel during the year was £128 [2019: £956].

Pay policy for senior staff

The Trustees consider the Board of Trustees (who are the Company Directors) and the senior staff with International Office responsibilities, comprise the key management personnel of the charity in charge of directing, controlling, running, and operating the charity on a day-to-day basis. All Trustees give of their time freely, and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in Note 9 of the financial statements.

The pay of all staff, including senior staff, is reviewed annually and normally increased in line with (CPI) inflation, if funds allow. If funding is under pressure, preference is given to lower-paid staff when making any pay awards. Senior staff pay is benchmarked against pay levels in similar organisations (religious/Christian charities of a similar turnover and size) using information from Third Sector pay surveys (published by ACEVO and Global Connections). The remuneration benchmark is the mid-point of the range paid for similar roles. Salaries were last benchmarked in September 2019.

Fundraising practice

The Charity is committed to ensuring all fundraising activities are carried out in an ethical and godly manner. The Charity is registered with the Fundraising Regulator and adheres strictly to their Code of Fundraising Practice and all legal obligations. We proactively monitor revisions to this code to ensure all our fundraising activities remain fully compliant. We confirm that we received no complaints regarding our fundraising activities or practices during this year or the previous year. We do not sell or swap data with other charities or organisations or make any cold telephone calls to the general public. In 2020 the Charity did not contract the services of professional fundraisers as defined by section 58 of the Charities Act 1992. We encourage all feedback, whether positive or negative, and we regularly monitor and analyse what people tell us to make sure we are continuously improving our procedures. If we become aware of any vulnerable people on our database we ensure that they do not receive any appeals and also ensure that any requests for details to be updated or deleted from our database are handled quickly. We have signed up to receive suppressions under the Fundraising Preference Service.

Risk management

The Trustees acknowledge that they have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. Board members are also cognisant of the requirement and responsibility for safeguarding the assets of the Charity and have taken steps towards the implementation of an ongoing process of risk assessment.

The risk management strategy includes:

- An annual review of the risks the Charity may face
- The establishment of systems and procedures to mitigate identified risks
- The implementation of procedures designed to minimise any potential impact on the Charity should these risks materialise

The key risks facing the charity are identified as (a) reliance on legacy income; (b) deficit position of the charity's Defined Benefit Pension Scheme; (c) loss of key management personnel; and (d) loss or damage to reputation (and subsequent loss of support). The Trustees and senior staff have sought to address these risks in 2020 through ongoing review of long-term financial strategy; ongoing management of the Pension Scheme; ongoing development of local Boards and personnel in the associated organisations outside the UK (increasing capacity and reducing the risk of losing key personnel in the UK); and ongoing oversight of creative development, particularly in new areas, with a view to safeguarding reputation.

Brexit

Following the United Kingdom's withdrawal from the European Union on 31 January 2020 and the end of the Implementation Period on 31 December 2020, the Trustees have considered the economic impact Brexit may have on the Charity in setting strategic plans and have taken steps to address risk with appropriate budgetary restraint and other measures. Forecasting models show that although Brexit may slow the Trustees' progress towards achieving its objectives, the going concern of the Charity is not believed to be under threat.

COVID-19

As documented above, the impact of the pandemic has been deep. Both as an organisation, and as individuals, 2020 presented some intense challenges. For Lifeworlds, there is our organisational response (detailed above), and our place in the overall ministry of Bible and Mission work. The year impacted this in ways that we will begin to work through in 2021 and beyond. As the vaccination process rolls out through 2021, there is some hope that there will be opportunity to re-engage with physical as well as digital ministry methodology. Adaptation, innovation and application will be part of our approach as we emerge from restrictions through 2021. We are still assessing the long-term impact on our supporter base, funding and indeed new opportunities. The Trustees have considered the possible risks and have put in place measures to monitor income and reduce future expenditure if required. The position will be kept under constant review and the Trustees will as required take necessary steps to ensure the Charity continues as a going concern.

Lifeworlds response to Racism

In light of the call for Racial Justice, we take our part seriously and released a statement on our main website <https://www.lifeworlds.global/about/let-justice-roll/> making clear our stance and intentions. However, as has been highlighted before, we need to work harder at diverse representation across the UK part of the organisation. We will continue to review and make changes in this respect.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Charity Trustees (who are also the Directors for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 (FRS102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE

The Trustees confirm that, so far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware, and that they have taken all reasonable steps as charity trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board and signed on its behalf by:

Liz Heyburn
Chair of the Board
Date: 9 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCRIPTURE GIFT MISSION (INCORPORATED)

Opinion

We have audited the financial statements of Scripture Gift Mission (Incorporated) (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 charity'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 set out on page 17, 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, the Charities Statement of Recommended Practice, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, 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 auditor's report.

Use of the audit report

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

Signed:

Vincent Marke (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 29 June 2021

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

| | Notes | Unrestricted Funds | | Restricted Funds | Total 2020 | Total 2019 |
|---|-------|----------------------------------|------------------|------------------|------------------|------------------|
| | | General Fund Revaluation Reserve | Designated Funds | | | |
| Income | | £ | | £ | £ | £ |
| Donations and grants | | 435,179 | - | 484,144 | 919,323 | 926,165 |
| Legacies | | 568,617 | - | - | 568,617 | 1,010,452 |
| | | 1,003,796 | - | 484,144 | 1,487,940 | 1,936,617 |
| Investment income | 3 | 17,517 | - | - | 17,517 | 24,300 |
| Other income | 4 | 35,611 | - | - | 35,611 | 21,332 |
| Total income | | 1,056,924 | - | 484,144 | 1,541,068 | 1,982,249 |
| Expenditure | 5 | | | | | |
| Costs of raising funds | | 122,623 | - | - | 122,623 | 166,424 |
| Expenditure on charitable activities | | | | | | |
| Providing Bible resources | | 557,113 | 150,000 | 401,185 | 1,108,298 | 1,387,000 |
| Enabling programmes for communities-in-need | | 182,799 | 25,000 | 33,908 | 241,707 | 235,049 |
| Strengthening capacity of branches & partners | | 21,206 | - | - | 21,206 | 22,508 |
| | | 761,118 | 175,000 | 435,093 | 1,371,211 | 1,644,557 |
| Total expenditure | | 883,741 | 175,000 | 435,093 | 1,493,834 | 1,810,981 |
| Net income/(expenditure) before gains and losses | | 173,183 | (175,000) | 49,051 | 47,234 | 171,268 |
| Realised & unrealised (losses)/gains on investment assets | 12 | (4,564) | - | - | (4,564) | 115,244 |
| Net income/(expenditure) | | 168,619 | (175,000) | 49,051 | 42,670 | 286,512 |
| Other recognised gains and losses | | | | | | |
| Remeasurement losses on defined benefit pension scheme | 19 | (843,000) | - | - | (843,000) | (617,000) |
| Net movement in funds | | (674,381) | (175,000) | 49,051 | (800,330) | (330,488) |
| Reconciliation of funds | | | | | | |
| Funds brought forward 1 January 2020 | | 214,864 | 675,000 | 39,982 | 929,846 | 1,260,334 |
| Funds carried forward 31 December 2020 | | (459,517) | 500,000 | 89,033 | 129,516 | 929,846 |

All income and expenditure in each of the above two years are derived from continuing activities. There are no other recognised gains or losses relating to either year.

BALANCE SHEET
at 31 December 2020

| | | 2020 | 2019 |
|--|--------------|------------------|------------------|
| | | £ | £ |
| Fixed assets | Notes | | |
| Tangible assets | 10 | 898,628 | 927,789 |
| Investment property | 11 | 43,500 | 43,500 |
| Investments | 12 | 850,111 | 854,675 |
| Total fixed assets | | 1,792,239 | 1,825,964 |
| Current assets | | | |
| Debtors | 14 | 506,143 | 876,535 |
| Stock | | 22,164 | 24,026 |
| Short-term deposits | | 151,189 | 150,581 |
| Cash at bank and in hand | | 578,508 | 226,887 |
| Total current assets | | 1,258,004 | 1,278,029 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 15 | (91,727) | (83,147) |
| Net current assets | | 1,166,277 | 1,194,882 |
| Net assets excluding pension liability | | 2,958,516 | 3,020,846 |
| Defined benefit pension scheme liability | 19 | (2,829,000) | (2,091,000) |
| Total net assets | | 129,516 | 929,846 |
| Represented by: | | | |
| Restricted funds | 16 | 89,033 | 39,982 |
| Unrestricted funds | 16 | | |
| General fund | | 1,426,776 | 1,363,157 |
| Designated funds | | 1,405,500 | 1,580,500 |
| Revaluation reserve (property investment) | | 37,207 | 37,207 |
| Pension scheme reserve deficit | 19 | (2,829,000) | (2,091,000) |
| Total unrestricted funds | | 40,483 | 889,864 |
| Total charity funds | | 129,516 | 929,846 |

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

The notes on pages 24 to 33 form part of these financial statements.

Approved by the Trustees on 7 June 2021 and signed on their behalf by:

Liz Heyburn
Chair of the Board
Date: 9 June 2021

STATEMENT OF CASH FLOWS
at 31 December 2020

| | Notes | 2020 £ | 2019 £ |
|---|-----------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Net expenditure as per SOFA | | (800,330) | (330,488) |
| Adjustments for: | | | |
| Depreciation | 11 | 32,813 | 32,043 |
| Losses/(gains) on investments | 12 | 4,564 | (115,244) |
| Investment income | 3 | (17,517) | (24,300) |
| Decrease/(increase) in debtors | 14 | 370,392 | (541,836) |
| Inventories | BS | 1,862 | 2,268 |
| Increase/(decrease) in creditors | 15 | 8,580 | (37,222) |
| Net cash used in operating activities | | (399,636) | (1,014,779) |
| Cashflows from investing activities | | | |
| Purchase of property plant and equipment | 11 | (3,652) | (6,361) |
| Investment income | 3 | 17,517 | 24,300 |
| Net cash provided by investing activities | | 13,865 | 17,939 |
| Cashflows from financing activities | | | |
| Movement in defined benefit pension scheme | 19 | 738,000 | 608,000 |
| Net cash provided by /(used in) financing activities | | 738,000 | 608,000 |
| Change in cash and cash equivalents in the reporting period | 20 | 352,229 | (388,840) |
| Cash and cash equivalents at the beginning of the reporting period | 20 | 377,468 | 766,308 |
| Cash and cash equivalents at the end of the reporting period | 20 | 729,697 | 377,468 |

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee having no share capital. At the accounting date there were 69 members [2019:70]. Each member undertakes to contribute such amount as may be required in the event of the winding up of the Charity up to a maximum of £1.05 (one guinea) each.

2 ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The trustees have reviewed detailed cash flow projections to 30 June 2022 and have agreed detailed budgets for the year ended 31 December 2021. Both sources of income and types of expenditure have been reviewed. Whilst one of the main charitable purposes of the Charity is to help people everywhere to experience the Bible as good news for their lives through programmes, resources, literature, and digital tools, the level of this needed expenditure is at the discretion of the Trustees and can be adjusted during the year. The Trustees have also considered the Charity's working capital and capital expenditure requirements. Although the net assets are below the reserves level, the pension deficit is a long-term liability and therefore does not have a direct impact on the day-to-day operations of the charity. As a result of the foregoing the Trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

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

b) Fund accounting

Unrestricted Funds are funds which are available to use at the discretion of the Board in furtherance of the Charity's charitable objects. There are two designated funds, the first of which is a fund of £905,500 with a corresponding long term liability of the same amount designated as security against the deficit of the defined benefit pension scheme, giving a balance at year end of £nil [2019: £nil]. The second fund of £500,000 is a capital fund for new ministry development [2019: £675,000]. These designated funds were established following the surrender of the lease of the Charity's former offices in 2010. Restricted Funds are funds which are used in accordance with restrictions expressed by donors or which have been raised for specific purposes. The details of the appropriate funds in the accounting year are shown at Note 16.

c) Income

All income was reflected in the financial statements when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earliest date of the Charity being notified of an impending distribution or the legacy being received. No value is included where the legacy is subject to a life interest held by another party. No amounts are included in the financial statements for services donated by volunteers.

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the Charity's charitable activities. Where possible, all direct costs have been allocated to the appropriate activity. All other costs have been assigned as support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

e) Allocation of support costs

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include general management, finance and IT, premises and facilities, governance costs, and administration costs for the defined benefit pension scheme. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in Note 6.

f) Depreciation

The basis for charging depreciation is that assets are depreciated on a straight-line basis to write off the cost of those assets over their estimated useful lives in the Charity's activities.

Office long-term lease – over 50 years
Office purchase costs and irrecoverable VAT – over 50 years
Leasehold improvements and refurbishment – over 10 years
Equipment, fixtures and fittings – over 5 years
Computers – over 4 years

g) Investment property

The investment property, which comprises a half share in four freehold blocks of flats is shown at the valuation date of June 2014 (Note 11). The properties are being held jointly with another charity pending vacant possession. At 31 December 2020 the investment property consists of one remaining apartment [2019: one apartment] on which rental income is being received; along with the right to receive ground rent in respect of 15 properties already sold. No depreciation is provided in respect of this property. The rental income from the investment is shown net after expenses, in view of the immaterial amounts involved.

h) Fixed asset investments

Fixed asset investments are stated at market value at the accounting date. All unrealised gains and losses representing the change in value from the previous accounting date are charged against the appropriate fund.

i) Stocks

Printing costs are charged to production costs at the date of purchase, but no account is taken of the stocks of completed or incomplete publications at the end of the accounting period, as these will be given away free of charge (Note 13).

j) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain the lessor's, are charged against income as incurred.

k) Taxation

As a registered charity, the Charity has no liability to United Kingdom taxation on its charitable activities.

l) Pension

The Charity operates a funded defined benefit pension scheme based on final pensionable salary, which is now closed to new employees and to further accrual. This has been replaced by a defined contribution scheme with Aegon based on individual personal pension funds for new employees. The assets of both schemes are held separately from those of the Charity, being invested with the above insurance companies. Contributions to both schemes are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Charity. The contributions to the defined benefit scheme are determined on the recommendation of a qualified actuary and to the defined contribution scheme by agreement between the Charity and its employees.

In accordance with FRS102, the SOFA includes: the cost of benefits accruing during the year in respect of current service (charged against net income/(expenditure)); the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time (charged against net income/(expenditure)); and actuarial losses recognised in the pension scheme (shown within net movement of funds). In accordance with FRS102, the balance sheet includes the deficit in the scheme, taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at year-end AA corporate bonds yield curve. Further details regarding the scheme are disclosed in Note 19.

m) Foreign currencies

Foreign currencies have been converted to £ sterling at rates of exchange approximating to those ruling at the Balance Sheet date.

n) Significant management judgements

The following are the management judgements in applying the policies of the Charity that have the most significant impact on the amounts recognised in the financial statements:

- **Accrued legacy income:** The Charity has made an assessment as to whether the conditions recognition of legacy income are met on a case by case basis, specifically in respect of the measurement of the amount due. In making these judgements, management considered the detailed criteria set out in the Charities SORP 2019 (FRS 102).

3 INVESTMENT INCOME

The Charity's investment income of £17,517 [2019: £24,300] arises from dividends from fixed asset investments (£16,701 [2019: £23,098]), interest bearing deposit accounts (£816 [2019: £1,202]).

4 OTHER INCOME

The Charity's other income of £35,611 [2019: £21,332] arises from HMRC employment allowance (£4,000 [2019: £14,000]), HMRC Job Retention Scheme (£23,328 [2019: £nil]), literature sales, some church display rack sales, and the sale of NINE BEATS albums, merchandise, and Ninefold Path resources (£8,283 [2019: £7,332]).

5 ANALYSIS OF TOTAL EXPENDITURE

| EXPENDITURE | Direct Costs £ | Support Costs £ | Total 2020 £ | Total 2019 £ |
|---|----------------------|-----------------------|--------------------|--------------------|
| Costs of raising funds | 79,780 | 42,843 | 122,623 | 166,424 |
| Total cost of raising funds | 79,780 | 42,843 | 122,623 | 166,424 |
| Expenditure on charitable activities | | | | |
| Providing Bible resources | 889,602 | 218,696 | 1,108,298 | 1,387,000 |
| Enabling programmes for communities-in-need | 224,571 | 17,136 | 241,707 | 235,049 |
| Strengthening capacity of branches & partners | 14,270 | 6,936 | 21,206 | 22,508 |
| Total expenditure on charitable activities | 1,128,443 | 242,768 | 1,371,211 | 1,644,557 |
| TOTAL EXPENDITURE | 1,208,223 | 285,611 | 1,493,834 | 1,810,981 |

6 ANALYSIS OF SUPPORT COSTS

| | General management £ | Premises, Finance & IT £ | DB pension admin, legal & finance £ | Depreciation £ | Governance costs £ | Total 2020 £ | Total 2019 £ |
|---|----------------------------|-----------------------------------|--|-------------------|--------------------------|--------------------|--------------------|
| Costs of raising funds | 8,314 | 19,462 | 8,165 | 4,927 | 1,975 | 42,843 | 71,391 |
| Providing Bible resources | 42,121 | 98,602 | 43,000 | 24,966 | 10,007 | 218,696 | 292,300 |
| Enabling programmes for communities-in-need | 3,325 | 7,784 | 3,266 | 1,971 | 790 | 17,136 | 23,797 |
| Strengthening capacity of branches & partners | 1,663 | 3,893 | - | 985 | 395 | 6,936 | 9,129 |
| Total support costs | 55,423 | 129,741 | 54,431 | 32,849 | 13,167 | 285,611 | 396,617 |

Cost allocation includes an element of judgement and the Charity has had to consider the cost benefit of detailed calculations and record-keeping. To ensure full cost recovery on projects, the Charity adopts a policy of allocating costs to the respective cost headings through the year. This allocation includes support costs where they are directly attributable. Therefore, the support costs shown are a best estimate of the costs that have been so allocated. The defined benefit pension administration and finance costs include elements from both the General Fund and the Defined Benefit Pension (FRS102) Fund.

7 ANALYSIS OF GOVERNANCE COSTS

| | Total 2020 | Total 2019 |
|-------------------------------|---------------|---------------|
| GOVERNANCE COSTS | £ | £ |
| Auditors' fees | 8,442 | 7,335 |
| Professional and legal fees | 2,887 | 653 |
| Strategic management | 1,780 | 19,847 |
| Trustees' expenses | 58 | 566 |
| Total governance costs | 13,167 | 28,401 |

Auditors' fees include £7,760 for Audit fee and irrecoverable VAT on fee [2019: £7,335] and £682 for other services [2019 £ nil].

8 STAFF COSTS

| | Total 2020 | Total 2019 |
|--|----------------|----------------|
| Staff costs | £ | £ |
| Salaries | 380,825 | 346,199 |
| Social security | 37,873 | 32,573 |
| Pension | 38,206 | 35,958 |
| Past service costs on defined benefit pension scheme | - | 226,000 |
| Total staff costs | 456,904 | 640,730 |

No employees had employee benefits in excess of £60,000 during the year or previous year. Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. During the year one staff post was made redundant [2019: nil], with a statutory termination payment of £4,842, all of which has been paid.

The key management personnel of the Charity, comprise the Trustees, Creative Director, Finance Director and Global Bible Resources Director. The total employee benefits of the key management personnel of the Charity were £162,326 [2019: £150,716].

The average monthly head count was 10 staff [2019: 10 staff]. At year-end the charity had 5 full-time staff [2019: 5 full-time staff] and 4 part-time staff [2019: 5 part-time staff]. The average monthly number of full-time equivalent employees during the year was 9 [2019: 9].

In the way that our global family of organisations operates, senior staff (key management personnel) in the UK are also responsible for facilitating and supporting work in the other six Lifewords centres in Brazil, India, Indonesia, Australia, Kenya and USA. All other national or functional directors report to the International Executive Team, as part of a global leadership team. Together as a global family we employ a further 20-25 staff outside of the UK, and have about the same number again of volunteers making a significant contribution to training and coordinating our Bible programmes. A further 50+ volunteers serve as facilitators (peer mentors) for Pavement Project initiatives.

During the year the Charity transferred £151,216 to the defined pension scheme as part of the Recovery Plan [2019: £124,236] and £nil in respect of accrual of benefits [2019: £nil] in accordance with the Schedule of Contributions. In addition, in the prior year the Charity also transferred £150,000 which was allocated towards the estimated amount of £226,000 of past service costs on the defined benefit pension scheme relating to Late Retirement Factors.

9 TRUSTEES

The Board members were not paid and did not receive any other benefits from employment with the Charity during the year or previous year. The aggregated amount of expenses reimbursed to one Board members during the year was £58 [2019: one member, £566]. No Board member received payment for professional or other services supplied to the charity during the year or previous year.

10 TANGIBLE FIXED ASSETS

| Cost | Equipment, fixtures and fittings £ | Office purchase, refurbishment & VAT costs £ | Office leasehold £ | Total £ |
|---|---|---|--------------------------|------------------|
| At 1 January 2020 | 128,728 | 204,440 | 869,880 | 1,203,048 |
| Additions | 4,684 | (1,032) | - | 3,652 |
| Disposals and written off | (1,739) | - | - | (1,739) |
| Cost at 31 December 2020 | 131,673 | 203,408 | 869,880 | 1,204,961 |
| Depreciation | | | | |
| At 1 January 2020 | 117,107 | 53,764 | 104,388 | 275,259 |
| Charge for the year | 6,602 | 8,815 | 17,396 | 32,813 |
| Disposals and written off | (1,739) | - | - | (1,739) |
| Depreciation at 31 December 2020 | 121,970 | 62,579 | 121,784 | 306,333 |
| Net book value | | | | |
| At 31 December 2020 | 9,703 | 140,829 | 748,096 | 898,628 |
| At 31 December 2019 | 11,621 | 150,676 | 765,492 | 927,789 |

All the above assets were used in direct furtherance of the Charity's charitable objects.

The Trustees have granted a first legal charge over the office leasehold to the trustees of the defined benefit pension scheme to strengthen the employer covenant and to give the pension trustees greater financial security over the assets of the employer.

11 INVESTMENT PROPERTY

| | 2020 £ | 2019 £ |
|-----------------------------|---------------|---------------|
| UK property | | |
| Value at 1 January | 43,500 | 43,500 |
| Disposals during year | - | - |
| Value at 31 December | 43,500 | 43,500 |

The investment property at 31 December 2020 consists of one remaining apartment [2019: one apartment] on which rental income is being received; along with the right to receive ground rent in respect of 15 properties already sold. The investment amount of the properties was valued in June 2014 by C C Johnson Chartered Surveyor. The investment represents a half-share in the four freehold blocks of flats. There are no charges over this property or restrictions on its use.

| | 2020 £ | 2019 £ |
|---|--------------|--------------|
| Revaluation Reserve balance | | |
| At original valuation at 1 January | 6,293 | 6,293 |
| Disposals during year | - | - |
| At original valuation at 31 December | 6,293 | 6,293 |

| | | |
|---------------------------------------|--------|--------|
| Revaluation reserve balance (Note 16) | 37,207 | 37,207 |
|---------------------------------------|--------|--------|

The original valuation was the market valuation at the date of death, as the property was acquired as a legacy.

12 FIXED ASSET INVESTMENTS

| | 2020 | 2019 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Market value at 1 January | 854,675 | 739,431 |
| Change in value in the year | (4,564) | 115,244 |
| Market value at 31 December | 850,111 | 854,675 |

Historical cost:

| | | |
|----------------|---------|---------|
| At 31 December | 441,613 | 441,613 |
|----------------|---------|---------|

Listed investments are represented by 584,992 units in Newton Growth & Income Fund for Charities at a book value of £441,613 [2019: £441,613]. The cumulative unrealised gains on these investments are £408,498 [2019: £413,061].

13 STOCK OF SCRIPTURES

Stocks of Scripture publications held for future distribution, which have not been included in the assets on the Balance Sheet as these will be given away free of charge, have been valued by the Charity at 31 December 2020 at the sum of £131,000 [2019: £120,000]. This valuation has not been subject to audit.

14 DEBTORS

| | 2020 | 2019 |
|------------------------|----------------|----------------|
| | £ | £ |
| Legacy debtors | 463,037 | 845,128 |
| Taxation recoverable | 24,919 | 3,828 |
| VAT recoverable | 436 | 4,827 |
| Staff loans | - | 4,373 |
| Pre-payments and other | 17,751 | 18,379 |
| Total debtors | 506,143 | 876,535 |

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|--|---------------|---------------|
| | £ | £ |
| Taxation and social security | 8,512 | 8,857 |
| Trade creditors | 19,099 | 30,120 |
| Other creditors | 64,116 | 44,170 |
| Total creditors due within one year | 91,727 | 83,147 |

16 MOVEMENTS IN FUNDS

| | Balance at 1 January £ | Income £ | Expenditure £ | Investment Losses | Actuarial Gains | Balance at 31 December £ |
|---|------------------------------|------------------|--------------------|----------------------|--------------------|--------------------------------|
| Restricted funds | | | | | | |
| Providing Bible resources | - | 400,455 | (400,455) | - | - | - |
| Choose Life | - | 1,107 | (1,107) | - | - | - |
| Pavement Project | 9,982 | 81,852 | (32,801) | - | - | 59,033 |
| NINE BEATS | 30,000 | 730 | (730) | - | - | 30,000 |
| | 39,982 | 484,144 | (435,093) | - | - | 89,033 |
| Unrestricted funds | | | | | | |
| Designated | | | | | | |
| Security against the deficit of the defined benefit pension scheme | - | - | - | - | - | - |
| Ministry development | 675,000 | - | (175,000) | - | - | 500,000 |
| Revaluation Reserve | 37,207 | - | - | - | - | 37,207 |
| General | 177,657 | 1,056,924 | (883,741) | (4,564) | (843,000) | (496,724) |
| | 889,864 | 1,056,924 | (1,058,741) | (4,564) | (843,000) | 40,483 |
| Total funds | 929,846 | 1,541,068 | (1,493,834) | (4,564) | (843,000) | 129,516 |

The fund for providing Bible resources covers publications in a wide range of countries. Restricted income was also received and expended towards the development of the NINE BEATS project, aimed at engaging emerging generations with the Bible through the Beatitudes.

The funds for Choose Life and Pavement Project cover the current operation and ongoing development of these programmes (a values-based life-skills curriculum for teenagers, and the training & resourcing of workers in a Bible-based counselling process for children-at-risk, respectively).

There are two designated funds, the first of which is a fund of £905,500 with a corresponding long-term liability of the same amount designated as security against the deficit of the defined benefit pension scheme giving a balance at year end of £nil [2019: £nil]. The second fund of £500,000 is a capital fund for new ministry development [2019: £675,000].

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General Fund £ | Revaluation Reserve £ | Designated Funds £ | Restricted Funds £ | Total £ |
|---|----------------------|-----------------------------|--------------------------|--------------------------|--------------------|
| Fund balances at 31 December 2020 are represented by: | | | | | |
| Fixed assets | 349,532 | 37,207 | 1,405,500 | - | 1,792,239 |
| Current assets | 1,168,971 | - | - | 89,033 | 1,258,004 |
| Current liabilities | (91,727) | - | - | - | (91,727) |
| Total net assets before pension liability | 1,426,776 | 37,207 | 1,405,500 | 89,033 | 2,958,516 |
| Long term pension liability | (1,923,500) | - | (905,500) | - | (2,829,000) |
| Total net assets | (496,724) | 37,207 | 500,000 | 89,033 | 129,516 |

18 RELATED PARTY TRANSACTIONS

The Charity has two wholly owned dormant subsidiary companies in which the share capital is unpaid. Only Lifewords Ltd is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2020.

The Finance Director and Company Secretary acts as trustee for the charity Radstock (Eccleston Hall) Trust; until October 2020 he was also a trustee of Childs Charitable Trust. These charities gave grants to the Charity during the year, the aggregate total of which was £342,000 [2019: £369,000].

Jadan Reeves-Bassett, son of the Creative Director, was paid £7,725 for design services [2019: £3,020].

The aggregated total amount of donations received without conditions from key management personnel during the year was £128 [2019: £956].

19 PENSION

The Charity operates two pension schemes in the UK. The assets of both schemes are held separately from those of the Charity, being invested with separate insurance companies. One is a funded defined benefit scheme invested with Legal & General and administered by Barnett Waddingham LLP, and the other a defined contribution scheme with Aegon; the former having closed to new employees on 25 March 2003 and closed to further accrual on 23 May 2013, with the latter being open to all new employees. Contributions to the defined benefit scheme are assessed on the basis of the advice of qualified actuaries using the projected unit credit method.

| Pension costs charged were: | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Defined benefit scheme (Recovery Plan) | 151 | 124 |
| Defined benefit scheme (additional transfer) | - | 150 |
| Defined contribution scheme | 38 | 36 |
| Total | 189 | 310 |

No amounts were owing at the year end [2019: £nil].

Additional FRS102 disclosures

The valuation used for FRS102 disclosures has been based upon the latest full actuarial valuation at 6 April 2019 and updated by a qualified independent actuary. The major assumptions used by the actuary were:

| % | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|------|------|------|------|------|
| Rate of increase in salaries | n/a | n/a | n/a | n/a | n/a |
| Rate of increase for pensions in payment and deferred pension | 2.85 | 2.90 | 3.10 | 3.10 | 3.15 |
| Discount rate | 1.25 | 2.05 | 2.90 | 2.60 | 2.90 |
| Inflation assumption - retail price index increase | 2.95 | 3.00 | 3.20 | 3.20 | 3.30 |

19 PENSION (continued)

The assets in the scheme and the expected rate of return were:

| | Long-term rate of expected return at 31/12/20 % | | 2020 fair value £'000 | | Long-term rate of expected return at 31/12/19 % | | 2019 fair value £'000 | | Long-term rate of expected return at 31/12/18 % | | 2018 fair value £'000 | |
|--|--|--|-----------------------------|--|--|--|-----------------------------|--|--|--|-----------------------------|--|
| Legal & General funds | | | | | | | | | | | | |
| Managed Funds | 4.8 | | 4,575 | | 4.8 | | 4,348 | | 5.6 | | 3,738 | |
| Annuities | 2.7 | | 1,664 | | 2.7 | | 1,673 | | 4.5 | | 1,662 | |
| Total market value of assets | | | <u>6,239</u> | | | | <u>6,021</u> | | | | <u>5,400</u> | |
| Present value of scheme liabilities | | | <u>9,068</u> | | | | <u>8,112</u> | | | | <u>6,883</u> | |
| Deficit in scheme being the net pension liability | | | (2,829) | | | | (2,091) | | | | (1,483) | |

Analysis of the amount charged against operating income

| | 2020 £'000 | 2019 £'000 |
|-------------------------------|---------------|---------------|
| Current service cost | - | - |
| Past service cost | 5 | 226 |
| Total operating charge | <u>5</u> | <u>226</u> |

**Analysis of the amount credited to other finance income
or debited to other finance costs**

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Expected return on pension scheme assets | 122 | 157 |
| Interest on pension scheme liabilities | (163) | (196) |
| Net return | <u>(41)</u> | <u>(39)</u> |

R-emeasurements over the year

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Gains/(losses) on assets in excess of interest | 228 | 410 |
| Experience gains on liabilities | 45 | 40 |
| Gains from changes to demographic assumptions | 15 | - |
| (Losses)/gains from changes to financial assumptions | (1,131) | (1,067) |
| Re-measurements over the year | <u>(843)</u> | <u>(617)</u> |

The movements on the scheme deficit during the period for FRS102 purposes are:

| | 2020 £'000 | 2019 £'000 |
|--|----------------|----------------|
| Deficit in the scheme at beginning of year | (2,091) | (1,483) |
| Movement in year | | |
| Past service cost | (5) | (226) |
| Contributions | 151 | 274 |
| Interest on assets | 122 | 157 |
| Interest cost | (163) | (196) |
| Re-measurements over the year | (843) | (617) |
| Deficit in the scheme carried forward | <u>(2,829)</u> | <u>(2,091)</u> |

19 PENSION (continued)

History of experienced gains and losses

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------|-------|-------|-------|--------|
| Difference between actual and expected return on scheme assets (£'000) | 228 | 410 | (253) | 190 | 461 |
| Percentage of scheme assets at end of year | 3.7 | 6.8 | (4.7) | 3.4 | 8.6 |
| Experience gains/(losses) on scheme liabilities (£'000) | 45 | 40 | - | 3 | 50 |
| Percentage of the present value of the scheme liabilities | 0.5 | 0.5 | - | 0.0 | 0.7 |
| Total amount recognised in SOFA (£'000) | (843) | (617) | 159 | (67) | (766) |
| Percentage of the present value of the scheme liabilities | (9.3) | (7.6) | 2.3 | (0.9) | (11.0) |

Volatility of FRS102

It should be noted that the methodology and assumptions prescribed for the purposes of FRS102 mean that these disclosures are inherently volatile, varying greatly according to investment market conditions at each accounting date.

20 NOTE TO THE CASH FLOW

| | At 1 January 2020 | Cash flows | At 31 December 2020 |
|-----------------|-------------------------|----------------|---------------------------|
| Cash at bank | 226,887 | 351,621 | 578,508 |
| Cash on deposit | 150,581 | 608 | 151,189 |
| | 377,468 | 352,229 | 729,697 |
| Net cash | 377,468 | 352,229 | 729,697 |