

THE SOUTH AMERICAN MISSION SOCIETY REPORT AND ACCOUNTS

For the year ended 31 January 2021

Registered Charity No. 221328

Registered Company No. 00065048

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

Principal Address

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

Legal Status

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

Trustees of the Society (and company directors)

Chair of Trustees - Mr Charles Clayton

Rev Ian Wallace

Dr Ian Bromilow

Rev Canon Andrew Bowerman

Mr Beauman Chong

Mr Peter Hyatt

Mrs Rini Ingleby

Dr Anne Keene

Mrs Fiona Lambert

Dr Kevin McKemey

Mr Salim Munayer

Mr John Stansfeld

Rev Jane Shaw

Mr Simon Upcott (Appointed 25 June 2020)

Trustees who also served during the year were:

Mrs Naomi Aidoo (Resigned 27 March 2020)

Senior Management Team

Chief Executive Officer

Deputy Chief Executive Officer

Director of International Mission

Director of Mission Transformation

Director of Mission Education

Director of Fundraising for Mission

Director of Finance and Corporate Services

Mr Alastair Bateman

Mrs Debbie James

Rev Paul Thaxter (Resigned 31 January 2021)

Mrs Debbie James

Mr Jonny Baker

Mr Jim Barker

Mr Charles Walker

Principal Professional Advisers

Bankers

Barclays Bank PLC

Oxford Team

Wytham Court

11 West Way

Oxford

OX2 0JB

Auditors

Crowe U.K. LLP

Aquis House

Reading

Berkshire

RG1 1PL

REPORT OF THE TRUSTEES

The Trustees of SAMS, who are Directors of the Charity for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 January 2021.

Since their merger in 2010, SAMS and Church Mission Society (CMS) operate as a single entity, with one vision and leadership. This legal entity is a subsidiary of CMS and reports part of the group's activities in and for Latin America. The consolidated position is given in the CMS report & financial statements [charity 1131655]. The Trustees present their report along with the financial statements for the year ended 31 January 2021.

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

What do we want to see? Our Vision

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

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

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

Who are we? Our Identity

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

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

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

What are our values?

We are people who are:

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

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

REPORT OF THE TRUSTEES (continued)

What do we do? Our Call

We believe that all God's people are called to join in God's mission, whether that means going overseas or over the road, and we work to set people free to put that call into action.

Put simply, we spend most of our time getting people into mission and mission into people.

Strategically we deliver our purpose in three ways:

- Raising disciples in mission
- Partnering churches in mission
- Maximising our effectiveness in mission

Our Activities

To achieve our mission, we work through:

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

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

Review of the Year

The South American Mission Society (Latin America region of CMS) has been continuing the forging of vision and strategy for mission work in Latin America whilst supporting its existing mission work across the region and beyond. Paul Tester has continued as Mission Development Manager for Latin America (based in Lima, Peru) supported by two people in the Oxford office.

The year 2020 / 21 has been a very different year for the society due to the global Covid-19 pandemic. The priority for UK staff has been to support SAMS people in mission across Latin America and enable them to support others and continue in mission with those whom they serve. Through online connections staff have walked through the pandemic together with our people in mission. Many of those people in mission have found creative ways to support those around them affected by illness or economic hardship brought on by lockdowns and restrictions. As the pandemic has continued some people in mission have been unwell with Covid-19 and two have been hospitalized but we praise God that all have recovered.

Travel during the year has been greatly restricted but some people in mission have been able to travel between their location in Latin America and the UK and vice versa whilst others have been unable to travel and have had to seek out alternative ways to continue to serve in mission. The Mission Development Manager has remained in region but has not been able to proceed with the visits that were planned for the year. However, much work has been done on the strategic review of the organization and a new vision and strategy will shortly be unveiled and its implementation begun.

The principal activity of the society continues to be overseas mission work through 19 mission partner units.

REPORT OF THE TRUSTEES (continued)

Public Benefit

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

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

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

Structure, Governance and Management

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

SAMS' governance arrangements

SAMS has one corporate member, CMS.

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

The Board of Trustees meets up to four times a year.

Management structure

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

Risk management policy and internal control

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

- **Pensions**

SAMS' participation in the Church Workers Pension Fund, a multi-employer defined benefit scheme means it is exposed to negative movements in the scheme's liabilities and assets. SAMS' deficit repayments have now come down following the reduction in the overall deficit at 31/12/2019. The impact of COVID-19 did result in the funding level worsening during the first half of 2020, although this has now been offset by both market improvements since October 2020 and positive movement in gilt yields in the first quarter of 2021. The funding position does remain volatile, though, and could result in increased repayments from SAMS in the future. SAMS works with members and where possible the scheme trustees to understand and mitigate these risks wherever possible.

- **Reputation**

Damage to reputation is a risk for any organisation and particularly important for a society. One key area in this regard is safeguarding. The board reviews and approves the CMS safeguarding policy every year and this is applied equally to SAMS.

REPORT OF THE TRUSTEES (continued)

- **Critical Incidents**

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

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

Fundraising

SAMS does not directly engage in any small or large scale fundraising activities. These are undertaken on its behalf by the CMS fundraising team and consequently, SAMS has not considered it necessary to sign up to any regulatory code of fundraising practice. No complaints regarding fundraising have therefore ever been received.

FINANCIAL REVIEW

SAMS continues to employ its mission partners as staff and provide pension benefits to these staff. Previous ministry areas of SAMS have continued in a significant way as can be seen in the CMS group accounts for the year ended 31 January 2021. Donations and legacies received directly by SAMS, into its bank accounts, are accounted for in these financial statements. Income from donations and legacies came to £205,185 (2020: £185,213). The main reason for the increase in income was the £24,283 increase in legacies compared to prior year, donation income was down compared to the prior year. However, the majority of donations by churches and individuals for the work in Latin America are now received and accounted for by SAMS' parent entity, CMS. Each year, CMS transfers a gift to SAMS of restricted funds, which is set against the costs of mission partners who are still employed by the legal entity. CMS, as the parent charity, bears all other SAMS overheads, with the exception of SAMS' audit fee. The overall result for the year ended 31 January 2021 shows an increase in net funds of £86,003. SAMS, however, still ended the year with negative reserves of £835,841. This is occasioned by the continuing need to comply with the Charities SORP (FRS 102), under which SAMS is required to show the liability of the defined benefit pension scheme with the Church Workers Pension Fund (CWPF) on the balance sheet (see note 17B). At the Balance Sheet date, the Society has 5 active members in Church of England Funded Pension Scheme (also known as the Clergy Scheme) (see note 17A). The Society is grateful for the contributions paid by the Archbishop's Council, which amounts to some £65,000.

IMPACT OF COVID-19

During March 2020 the crisis management team was convened (in line with our policy) as a result of COVID-19. Its objective was to ensure the safety of all staff and the business continuity of SAMS. Since then we have increased our contact and support with all our people in mission across South America. From March 23 2020 we have operated with a skeleton team at CMS house, and the Mission Development Manager for South America is based in Lima, Peru.

The main financial impact of COVID-19 is the potential impact this will have on the funding of the defined benefit pension scheme with the Church Workers Pension Fund (CWPF) in which the Society participates. The actuarial valuation of the scheme is 31 December 2019 has now concluded and has shown a significant improvement in the funding level, with the deficit reducing from £2.05m to £1.33m. As a result SAMS deficit payments have also reduced from £230,000 to £200,033 per annum until 31 March 2028. The trustees, following a forecast review of SAMS reserves consider there to be sufficient reserves to pay the pension deficit contributions as they fall due over the next 12 months and for the foreseeable future.

RESERVES POLICY

Unrestricted: General Funds (Free Reserves)

The reserves policy is reviewed annually, by the Trustees, in light of the specific risks faced by the charity. In 2020-21 SAMS held unrestricted general funds (free reserves) for the following reason:

To pay off its pension liabilities in relation to its participation within the CWPF pension scheme. The liability is being paid off over 7 years until March 31 2028, but the reserve is deemed necessary because existing income streams are not sufficient to meet the liability. A separate calculation has been performed to work out the target reserve required

As such the target level of free reserves for SAMS is £460,799. The free reserves at 31 January 2021 are £559,498, which is 21% above the stated target. The surplus against the target is material, but given the volatility of the funding within the CWPF pension scheme coupled with ongoing uncertainty of the impact of COVID-19 on that funding level, the trustees consider it wise to hold that excess in reserves until the liability has been fully paid off.

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

Restricted Funds

The reserves policy for restricted funds is for sufficient assets to be held to meet the obligations of each fund and this is the case as at 31 January 2021.

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

INVESTMENT POLICY

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

REPORT OF THE TRUSTEES (continued)

FUTURE PLANS

The key areas of work for SAMS into 2021-22 and beyond remains the recruitment and placement of long-term mission partners within Latin America. It also involves the developing of a Latin American mission movement together with the Latin American church as part of our commitment to take forward the process of decentralisation, internationalisation and regionalisation.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the trustees is aware:

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

AUDITORS

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

The Trustees' Report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies and was approved by the Board of Trustees on 16 June 2021 and signed on their behalf by:



CHARLES CLAYTON - CHAIR OF TRUSTEES

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

Opinion

We have audited the financial statements of The South American Mission Society ('the charitable company') for the year ended 31 January 2021 which comprise the statement of comprehensive income, balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2021 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes 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 directors' report included within the trustees' report have 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 charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in 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
- 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, 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.

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

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Charity Commission regulations and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing of income to supporting documentation and reading minutes of meetings of those charged with governance.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Lyon

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Reading

Date: 21 July 2021

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 January 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Income from:							
Donations and legacies	3	163,224	41,960	205,184	140,223	44,990	185,213
Gift from parent undertaking	4	-	497,096	497,096	-	503,629	503,629
Investments	5	1,940	-	1,940	5,437	-	5,437
Other		-	55,271	55,271	302	61,511	61,813
Total income		165,164	594,327	759,491	145,962	610,130	756,092
Expenditure on:							
Raising funds		-	-	-	-	-	-
Charitable activities							
People in mission	6	43,907	573,582	617,489	59,760	619,526	679,286
Total expenditure	6	43,907	573,582	617,489	59,760	619,526	679,286
Net income/(expenditure)		121,257	20,745	142,002	86,202	(9,396)	76,806
Transfers between funds					-	-	-
Other (losses) on pension scheme deficit reduction provision	17	(56,000)	-	(56,000)	(67,000)	-	(67,000)
Net movement in funds		65,257	20,745	86,002	19,202	(9,396)	9,806
Total funds brought forward		(1,010,043)	88,200	(921,843)	(1,029,245)	97,596	(931,649)
Total funds carried forward		(944,786)	108,945	(835,841)	(1,010,043)	88,200	(921,843)

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

BALANCE SHEET
As at 31 January 2021

	Note	2021 £	2020 £
Current assets			
Debtors	11	85,798	78,545
Cash and short term deposits		636,464	695,186
		722,262	773,731
Current Liabilities			
Creditors: amounts falling due within one year	12	(53,820)	(55,191)
Net current assets		668,442	718,540
Defined benefit pension scheme liability	17	(1,504,283)	(1,640,383)
Net liabilities		(835,841)	(921,843)
The funds of the charity			
Unrestricted: Free reserves	14	559,497	630,340
Unrestricted: Pension deficit	14	(1,504,283)	(1,640,383)
Unrestricted funds		(944,786)	(1,010,043)
Restricted funds	14	108,945	88,200
Total charity funds	14	(835,841)	(921,843)

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

The financial statements on pages 12 to 23 were approved by the Board of Trustees and authorised for issue on 16th June 2021 and signed on their behalf by:



Charles Clayton - Chair of Trustees

NOTES TO THE ACCOUNTS At 31 January 2021

1 ORGANISATION

The South American Mission Society (SAMS) is a company limited by guarantee, not having a share capital, and has approval to omit the word 'Limited' from its name. The Society is registered in England and Wales, its company number being 00065048. It is also a Registered Charity, number 221328 (England and Wales). The Society is a subsidiary of Church Mission Society ('CMS'), a registered charity in England and Wales (registered number 1131655) and a registered company limited by guarantee, in England and Wales (registered number 6985330). CMS, is the sole corporate member and is considered the ultimate parent undertaking of the Society.

2 ACCOUNTING POLICIES

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

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

Assessment of going concern

The Trustees have reviewed the financial position in light of the impact of COVID-19 and the detrimental impact on the funding level of the Church Workers Pension Fund in which SAMS has a share of the pension deficit (Note 17B). The impact of this would only be realised in 3 years' time after the 31/12/2022 valuation has been completed at which point the funding position may have improved. The Trustees have reviewed the free reserve forecast for the next 3 years and given both the surplus of reserves against the target level required and that the latest recovery plan has improved following the conclusion of the 31/12/2019 valuation, they have a reasonable expectation that the society has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Accounting estimates and judgements

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

Financial Instruments

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

Income recognition for donations and legacies and gift from CMS

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

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

Where legacies have been notified to the charity, or the charity is awaiting the grant of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. No value is included where the legacy is subject to a life interest held by another party.

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

NOTES TO THE ACCOUNTS At 31 January 2021

Fund accounting and the allocation of income and expenditure by fund

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

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

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

Resources expended

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

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

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

Pensions

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

Defined contribution schemes

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

Defined benefit schemes – multi employer schemes

The Society participates in the Church of England Defined Benefits Scheme (DBS) and the Church of England Pension Builder Scheme (PBS), both of which are separate sections of the Church Workers Pension Fund (CWPF) (see note 17B). The assets of the funds are held separately from those of the Society. In both cases, the schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102 and as the Society is unable to identify its share of the underlying assets and liabilities, contributions are accounted for as if the Scheme were a defined contribution scheme. In accordance with FRS 102, the pensions costs charged to the Statement of Financial Activities in the year are the contributions payable towards benefits and expenses accrued in that year, plus any charge in respect of the impact of deficit contributions. Where a provision is recognised in respect of any agreed deficit recovery payments, this liability represents the present value of the deficit contributions agreed as at the accounting date and is presented after other net assets on the face of the balance sheet.

In addition to these schemes the Society participates in the Church of England Funded Pensions Scheme, administered by the Church of England Pensions Board also known as the Clergy Pension Scheme (see note 17A), which provides pensions for clergy and licensed lay workers. The Church of England Funded Pensions Scheme is a multi-employer defined benefit scheme but the Society is unable to identify its share of the underlying assets and liabilities. No funding liability currently arises for the Society in respect of them.

NOTES TO THE ACCOUNTS

At 31 January 2021

Statement of Cash Flows

The Society is a wholly owned subsidiary of CMS and, in accordance with paragraph 1.12(b) of FRS 102, is therefore exempt from the requirement to include a Statement of Cash Flows in its financial statements. The trustees have taken advantage of this exemption.

3 DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£	£	£	£
Donations from churches and groups	-	31,066	31,066	-	32,637	32,637
Donations from individuals	9,238	10,894	20,132	10,520	12,353	22,873
Legacies	153,986	-	153,986	129,703	-	129,703
	<u>163,224</u>	<u>41,960</u>	<u>205,184</u>	<u>140,223</u>	<u>44,990</u>	<u>185,213</u>

Legacies of which South American Mission Society has been notified but not recognised as income are estimated at £42,000 (2020: £89,000).

4 GIFT FROM PARENT UNDERTAKING

	Unrestricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£	£	£	£
Gift from parent undertaking	-	497,096	497,096	-	503,629	503,629
	<u>-</u>	<u>497,096</u>	<u>497,096</u>	<u>-</u>	<u>503,629</u>	<u>503,629</u>

5 INCOME FROM INVESTMENTS

	Unrestricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£	£	£	£
Interest on cash balances	1,940	-	1,940	5,437	-	5,437
	<u>1,940</u>	<u>-</u>	<u>1,940</u>	<u>5,437</u>	<u>-</u>	<u>5,437</u>

NOTES TO THE ACCOUNTS**At 31 January 2021****6 EXPENDITURE ON CHARITABLE ACTIVITIES**

	Direct Costs £	Support Costs £	Total 2021 £	Direct Costs £	Support Costs £	Total 2020 £
Charitable activities						
People in mission						
Mission Partners	573,582	21,907	595,489	619,526	21,760	641,286
Interest cost	22,000	-	22,000	38,000	-	38,000
Total Expenditure	595,582	21,907	617,489	657,526	21,760	679,286

7 SUPPORT COSTS ALLOCATION

	Finance & Administration £	Total 2021 £	Total 2020 £
Charitable activities			
People in mission			
Mission Partners	127	127	142
Pension scheme administration costs	15,900	15,900	15,900
Governance (Note 8)	5,880	5,880	5,718
Total Support Costs	21,907	21,907	21,760

The support costs relate entirely to the activity of supporting Mission Partners. Governance costs related to the running of the Society, consist almost entirely of the costs of the external audit (Note 8), which is shown gross of VAT.

8 AUDITORS' REMUNERATION

	2021 £	2020 £
Audit Fees	5,664	5,502
Fees for non-audit services	-	-
	5,664	5,502

NOTES TO THE ACCOUNTS
At 31 January 2021

9 STAFF EMOLUMENTS

	2021	2020
	£	£
Salaries and allowances	428,959	447,481
Social security cost	3,631	2,260
Employer's pension contribution – defined contribution scheme	3,891	3,852
Employer's pension contribution – defined benefit multi-employer scheme	91,304	92,630
	527,785	546,223

Average monthly number of employees was 29 (2020: 31), all of whom are Mission Partners in Latin America.

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

10 FINANCIAL INSTRUMENTS

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

	2021	2019
	£	£
Financial assets measured at amortised cost		
Cash at bank and in hand	636,464	695,186
Amounts due from group undertakings	85,479	72,521
Other receivables	319	6,024
Financial liabilities measured at amortised cost		
Other creditors due within one year (excluding tax and deferred income)	(36,080)	(35,320)

11 DEBTORS

	2021	2020
	£	£
Taxation recoverable	202	455
Amounts due from group undertakings	85,479	72,521
Accrued income	117	5,569
	85,798	78,545

NOTES TO THE ACCOUNTS
At 31 January 2021

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	3,141	2,381
Accruals	5,664	5,502
Taxes and social security costs	17,740	19,871
Other creditors	27,275	27,437
	53,820	55,191

Included in "other creditors" are pension contributions of £8,104 (2020: £8,266) in respect of the society's pension schemes.

13 NET ASSETS BY FUND

Net Assets by Fund - 2021	Unrestricted £	Restricted £	Total £
Current assets	584,333	137,929	722,262
Current liabilities less than one year	(24,836)	(28,984)	(53,820)
Defined benefit pension scheme liability	(1,504,283)	-	(1,504,283)
Net Liabilities 2021	(944,786)	108,945	(835,841)
Net Liabilities 2020	(1,010,043)	88,200	(921,843)

Net Assets by Fund - 2020	Unrestricted £	Restricted £	Total £
Current assets	655,013	118,718	773,731
Current liabilities less than one year	(24,673)	(30,518)	(55,191)
Defined benefit pension scheme liability	(1,640,383)	-	(1,640,383)
Net Liabilities 2020	(1,010,043)	88,200	(921,843)
Net Liabilities 2019	(1,029,245)	97,596	(931,649)

NOTES TO THE ACCOUNTS

At 31 January 2021

14 RECONCILIATION OF FUNDS

	At 1 February 2020	Incoming Resources	Outgoing Resources	Other gains and losses	Transfers	At 31 January 2021
	£	£	£	£	£	£
Free reserves	630,340	165,164	(21,907)		(214,100)	559,497
Pension deficit	(1,640,383)		(22,000)	(56,000)	214,100	(1,504,283)
Unrestricted funds	(1,010,043)	165,164	(43,907)	(56,000)	-	(944,786)
Mission Personnel funds (Restricted)	88,200	594,327	(573,582)	-	-	108,945
Total	(921,843)	759,491	(617,489)	(56,000)	-	835,741

Designated funds

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

Restricted funds

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

15 TRUSTEES' EXPENSES

The Trustees receive no remuneration for their services, there were no expenses to reimburse in respect of expenses attending meetings (2020: £0) and there were no other costs (2020: £0) relating to trustee meetings.

16 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

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

17 RETIREMENT BENEFITS

A. Defined Benefit Schemes - Church of Funded Pensions Scheme England

The Society has 5 active members of the Church of England Funded Pensions Scheme (also known as the Clergy Scheme) which has approximately 8,000 active members. Contributions for these members of the scheme are paid for by the Archbishops Council on behalf of the Society, so the expense recognised in the SOFA is £Nil (2020: £Nil). Employer's contributions to this scheme amounting to some £65,000 are funded by the Archbishops' Council in accordance with the Pensions Measure 1997, under a grant which the national church undertook to make to meet the pension costs of clergy employed by qualifying mission agencies belonging then to the Partnership in World Mission.

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

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

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014. The Defined Benefits Scheme (DBS) section of the CWPF provides benefits for lay staff based on final pensionable salaries.

NOTES TO THE ACCOUNTS

At 31 January 2020

17 RETIREMENT BENEFITS (CONTINUED)

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

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

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

The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £56,000, 2020: £67,000), plus any impact of deficit contributions (see below) giving a total charge in the year ended 31 January 2021 of £93,900 (2020: net charge of £120,900).

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

A valuation of the DBS is carried out once every three years, the scheme valuation completed was as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11m.

Following the valuation, the Employer has entered into an agreement with the CWPf to pay expenses of £17,500 per year from April 1st 2021.

From April 1st 2021 a new annual deficit payment of £182,533 has been agreed and payable until 31st March 2028 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

	2021	2020
	£	£
Pension scheme deficit reduction provision		
Balance sheet liability at 1 February	1,640,383	1,749,483
Deficit contributions paid	(214,100)	(214,100)
Interest cost (recognised in SOFA)	22,000	38,000
Remaining change to the balance sheet liability*(recognised in SOFA), comprising the change in agreed deficit recovery plan and the change in discount rate between year-ends	56,000	67,000
Balance sheet liability at 31 January	1,504,283	1,640,383

NOTES TO THE ACCOUNTS

At 31 January 2020

17 RETIREMENT BENEFITS (CONTINUED)

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

	2021 %pa	2020 %pa
Discount Rate at end of year	0.50	1.40
Discount Rate at start of year	1.40	2.30

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

The next actuarial valuation of the scheme is at 31 December 2022.

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

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

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

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

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

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

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

The pensions costs charged to the SOFA in the year ended 31 January 2021 are contributions payable of £95,195 (2020: £96,482).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2019. For the Pension Builder Classic section, the valuation revealed a deficit of £4.7m on the assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time. For the Pension Builder 2014 section, the valuation as at 31 December 2019 revealed a surplus of £5.5m on a technical provisions basis. The legal structure of the scheme is such that if another employer fails, SAMS could become responsible for paying a share of that employer's pension liabilities.

During the 2017-18 year, following consultation with our scheme members it was decided to transfer all members from the Pension Builder Classic section to the Pension Builder 2014.

NOTES TO THE ACCOUNTS

At 31 January 2021

18 CUSTODIAN TRUSTEESHIP

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

	2021 £	2020 £
Value at 31 January 2021	5,314	5,292
	5,314	5,292

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

19 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Cost allocation

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

Pension scheme deficit reduction payments

FRS 102 makes the distinction between a group and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as CWPF. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the SOFA in accordance with section 28 of FRS102. The Trustees are satisfied that CWPF meets the definition of multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements. As explained at note 17B there is a deficit reduction plan in place relating to SAMS' membership of the Defined Benefits Scheme section of the CWPF.