

Annual Report & Accounts

**Trustees' Annual Report and Financial Statements 2016
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 2016

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31 December 2016 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 2015).

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

Charity Number: 219055
Company Number: 145932

Registered Office: 1A The Chandlery
50 Westminster Bridge Road
London
SE1 7QY

Independent Auditor: Mazars LLP
Times House
Throwley Way
Sutton, Surrey
SM1 4JQ

Principal Banker: Royal Bank of Scotland plc
24 Grosvenor Place
London
SW1X 7HP

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)
	Keith Bintley	
	Lynn Caudwell	
	Elisabeth Heyburn	
	Mark Hurley	(appointed 22 August 2016)
	Fred Slack	
	Tadeusz Tolwinski	(retired 1 October 2016)
Company Secretary	Eduardo Juan Harris	

Key management personnel: Leadership Team

Executive Director	Danielle Welch
Creative Director	Steve Bassett
Finance Director	Eduardo Juan Harris

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, Poland, and USA.

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 2016

Alongside widespread distribution of resources, and provision of programmes with partners, in 2016 our particular strategic objectives were:

- Globally, to resource pastoral workers and evangelists through provision of Bible resources in 22 key strategic languages, and particularly to meet (new/rising) needs for material in Indian languages, Farsi, and Arabic.
- In the UK, to encourage churches to share the Bible more extensively in outreach activity, focusing particularly on 'mission moments' at Christmas, Easter, and Remembrance.
- To equip pastors and evangelists in under-resourced communities in Indonesia with Bible-based tools and training, through a new training centre/programme based out of Jakarta.
- To grow the reach of our highly-effective Pavement Project Bible programme (restoring self-worth to traumatised children and young people); and to develop and test an 'app' version of the green bag counselling tool, creating potential for greater scale/reach in years to come.
- To enable young adults to engage with life words as relevant, meaningful, and transformative for their lives through two specific programmes: VerseFirst (extending and deepening this programme), and 9BEATS (in development during 2016).
- To further UK supporter engagement through 3x annual fundraising campaigns, increasing one-off and regular financial donations to meet needs.
- To address longer-term financial needs, reducing dependency on legacy income and increasing the number of new and existing key donor partnerships (individuals, churches, and Trusts).

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR

Providing ways in to the Bible

Engaging first-time and occasional readers and listeners with Scripture as good news is a core motivation for our ministry. Recognising that there are many barriers to access (language, availability, cost, relevance – to name just a few), we provide Bible literature and digital resources that invite people to experience the Bible for themselves. All our resources are free at the point of need, and are targeted to people's felt needs and experience. Thanks to a vast number of individual and church partners, **SGM Lifewords** resources helped people into the Bible in prisons, schools, outreach projects, shops, waiting rooms, and homes around the world.

In 2016 we distributed 1.1 million items of Bible literature in 45 languages, to people in 72 countries. [2015: 1.1 million items, 47 languages, 81 countries.]

Almost 32,000 people received daily Scripture resources through our Life Changing Words email service (www.lc-words.com), in 12 languages and 209 countries. Installs of our LCW apps reached 31,000, and by the end of the year 18,000 people were taking part in the VerseFirst community through Instagram and Facebook (www.versefirst.com). In December alone, there were almost 2,500 'shares' of LCW verses, with people passing on Scripture to others via email, text, and social media.

Responding to strategic needs

We focus our range of Bible resources in 22 strategic languages that represent the chosen languages of communication for the vast majority of the world's population. But each year, we also try to respond to more particular needs as they arise. In 2016 we published five new resources in Indian languages (Bengali, Hindi, Kannada, and Telugu) and prepared others for print. The Bengali titles were our first produced in this language in well over a decade. This was in response to a growing number of requests from Indian partners, and pastors in rural contexts particularly. The church in India is growing, but is also experiencing opposition and restrictions on its work. Our contribution is to equip Indian partners and church-planters with Bible resources, partnering with them in their desire to share life words, even in adversity. Supporters gave generously through the autumn in response to our 'Stories from India' campaign, highlighting needs for resources in India.

Similarly, the refugee crisis in mainland Europe brought increased requests for resources in Arabic and Farsi (both of which we printed in 2016), as churches engaged to support and befriend refugees. Increased engagement with other Muslim communities dispersed across Europe was reflected in requests for Turkish resources – and particularly material for Muslim readers. We translated three Turkish booklets in 2016, with one printed and in use before the end of the year. We also launched a 'Bookmatch' book club for supporters in the UK, to recruit regular ongoing support for our literature work, aiming at helping us to 'plug the gaps' where resources are needed in different languages and in response to new situations such as we've seen in 2016.

In 2016 we also made our LCWords app available to a partner working in a restricted region, where they will reproduce the app as a way to give access to the Bible in a country often considered 'closed' to the gospel. And we partnered with translators who are working in communities where no complete 'mother tongue' Bible is available, publishing portions of Mark and Luke's gospel and other resources in six languages, including three 'pioneer' languages.

In the UK, we published a pioneering resource called *Wildflowers: Flourishing in the Chaos*. This was a Bible booklet, produced in partnership with Luton-based charity, Azalea – who work to support women in sexual exploitation. Azalea asked for our help to produce something that their clients (many of whom are still working on the streets) could genuinely relate to, that took account of the real circumstances of

their lives. To do that, we asked the women to read the Bible with us, and to tell us how it spoke to them. Thanks to their generosity with time, and with their own stories, we were able to write something together that used Bible passages together with quotes and stories from the women (and some of the project workers at Azalea). The resulting resource will be used by Azalea, and by other similar organisations.

In 2016 we also supported the work of SGM Lifewords Indonesia, responding to strategic concerns about how to support pioneer workers there, to share the Bible effectively. Funds raised in the UK in 2015 allowed SGM Lifewords Indonesia to lease a building in Jakarta as a base for ministry across Indonesia. During 2016 this was used to host training events for evangelists and partners, equipping these workers with Bible literature and story-telling resources. Volunteer teams also led events in other parts of Indonesia to replicate the training in local communities.

Reaching and engaging new generations

More than half the world's population is aged under 30. Engaging emerging generations with the Bible as good news for their lives and for the world is a key priority for our work. In 2016 we served thousands of young people through the Choose Life programme (a life-skills curriculum used in East Africa), RISE Clubs (Bible reading clubs in Kenyan high schools), and Pavement Project (a counselling programme responding to trauma with children and young people in 18 countries).

We are grateful that Pavement Project resources have already proved transformative for tens of thousands of young people, restoring self-worth and bringing healing to their lives, as they are helped to see themselves as Jesus sees them. In 2016 we tested a prototype 'app' version of the core 'green bag' counselling tool, and also produced new training resources that will – we hope – allow for future growth and sustainability. The pilot of the app proved successful, with children showing the same results as with the physical green bag. We are excited about the potential to scale-up the impact of Pavement Project in coming years with this digital tool, and hope to fund and complete the development of the app in 2017.

During 2016, we also invested in two programmes aimed at young people and young adults in global/Western culture: VerseFirst, and 9Beats. VerseFirst is a social media project, reaching upwards of 18,000 people by the end of 2016. During 2016 we extended the resources available to the project, enabling us to provide more and deeper ways in to the Bible for social media followers. We also created a new website, with regular blog posts exploring how to put life words into practice in our everyday lives. The project aims to build a bridge between the Bible and young people's lived experience, and to instill habits of Bible reading for teenagers and young adults. During 2016 we developed new resources around anxiety and mental health (a rising issue in the UK particularly). These will be published in 2017 as the *Little Book of Chaos*, and related online material.

9Beats is a major new arts-based project, which was in development in 2016. The project gathered a collective of musicians, artists, theologians, and activists to produce ways in to the Beatitudes (and Jesus' wider teaching in the sermon on the mount) as a way of life and faith. The project deliberately aims for the 'edges', for those less likely to engage with organised church, and for those who are motivated by issues of social justice and change; but who may not – yet – have encountered the Bible (or Christian faith) as good news in the world. The project will launch in 2017 with an album of music, website, events and resources for practice-based spiritual formation.

Engaging UK donors to help provide the Bible's life words

Fundraising performance in the year was mixed. Trust income was £90,000 higher than in 2015. Fundraised income in the UK (in 2016, the result of three campaigns, 'Bookmatch', '10 years of Choose Life', and 'Stories from India'; as well as other activity) was also slightly higher than in 2015, by 4% (2016: £304,476; 2015: £292,282). Our 'active base' of individuals, churches, and Trusts giving financial support remains fairly stable over a five-year period. In 2016 there was a slight decline in the number of donors in

the 'active' category, and the overall number of new individual and church donors was lower than in 2015. However, the number of new regular donors was higher than in 2015, and the number of key individual donors also increased during the year. We are very mindful of the need to continue to build new partnerships, and diversify donor relationships. To this end, in 2016 we began work to renew our branding and case for support, which we expect to roll-out during 2017. We also re-structured our UK team to allow more capacity for fundraising. Again, this work will complete in 2017.

FINANCIAL REVIEW

Income was £1,565,168, an increase of £142,214 (10%) on the previous year. This reflects higher donations and grants (an increase of £20,683 on 2015) and higher legacy income (an increase of £119,094 on 2015). The financial statements show that 60% of income came from donations and grants [2015: 64%], 38% from legacies [2015: 33%], and 2% from literature sales and investment income [2015: 3%]. The Charity spent 91% of total expenditure on developing, producing, and delivering products and programmes in the UK and overseas [2015: 90%]. 9% was spent on raising funds [2015: 10%].

During the past financial year there was a surplus on ordinary activities of £16,807 [2015: deficit of £75,601]. This was due to higher than expected legacy income, with some significant legacy gifts recognised or received late in the year. Planned use of Ministry Development Funds was reduced – and rolled forward into 2017 (when we expect to invest more Development Fund money, given significant new projects in progress). The Ministry Development Fund was put in place in 2010 for this purpose – to invest in major new projects, beyond the scope of ordinary annual income. Legacy income has been added to the fund over the past seven years, and this fund has enabled projects such as the WW1 Gospels, 9Beats, and the next generation of Pavement Project resources. The net movement in funds in 2016, which includes other recognised gains and losses, produced a deficit on the total funds of £648,073 [2015: surplus of £168,740]. This was mainly due to FRS102 actuarial losses on the defined benefit pension scheme of £766,000 [2015: actuarial gains of £229,000].

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 £800k-£1,200k) 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 2016 (calculated as net assets, excluding restricted funds, the pension reserve and property & fixed assets) were £1,747,603 [2015: £1,693,592]. 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 wish to 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 14.5% against the comparative index of 17.9% [2015: performance of 5.8% against comparative index performance of 2.0%]. During the year the Fund underperformed its comparative index by 3.4%; this was mainly due to the Fund having underweight positions in some areas that did well, but do not offer high enough dividend yields to a Fund which is trying to provide a reasonable level of income for its investors. However, 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 £364,828 [2015: unrealised gains of £300,014]. 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 £1,611,800 [2015: deficit of £914,600]. 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 £817,686) to strengthen the employer covenant and to give the pension trustees greater financial security over the assets of the employer. A full triennial actuarial valuation of the pension fund as of 6 April 2016 is currently under way. If necessary, the Recovery Plan will be adjusted to take account of the result of this valuation. 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

Key priorities for 2017 include the launch of 9Beats, and the development of the Pavement Project app. We plan to continue to prioritise VerseFirst development, and grow the profile of the project so that more young people are able to engage with the Bible through VerseFirst and its resources.

We also plan to support Lifeworlds Brazil in the roll-out of Choose Life resources, through two partnerships there. Young people in Brazilian cities grow up surrounded by huge challenges, with high levels of violent and sexual crime, availability of illegal drugs, extensive poverty, housing, and job insecurity. Lifeworlds is partnering with two mission organisations to use Choose Life in preventative education, reflecting our aim to see the Bible experienced as good news, bringing about positive change in communities.

A further priority is the extension of Pavement Project training and resources to the Middle East, through partnerships in Lebanon (focused on work with refugees fleeing Syria and surrounding countries) and Egypt.

We will continue our programme of providing an extensive range of Bible resources in strategic languages, 'plugging the gaps' with specific titles and languages as needed.

Finally, we are intending to refresh our visual identity and communications in 2017, with a rebrand to Lifeworlds – first in the UK, and then through other global family organisations around the world. We remain very proud and grateful for our long history as Scripture Gift Mission, and (having been known as SGM Lifeworlds for a decade) we look forward to taking this forward for the next generation. We are keen to make sure we are communicating our current and historic ministry as clearly as possible, increasing our profile, and inviting more people to support this vital work. To support this, we will also add capacity to our fundraising / supporter engagement team in the UK during 2017.

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 72 members [2015: 73], 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 appointed an Executive Director who has authority, within terms of delegation from the Board, for operational matters including finance, employment, and programme-related activity.

The Charity is a member of the **SGM Lifeworlds** global family of organisations. The other members are separately incorporated companies in their respective countries. In 2016, there were agency agreements with member organisations in Australia, Brazil, Canada, Kenya, India, Indonesia, Poland and USA. During the course of the year the Poland Foundation, formerly a subsidiary of the UK, was dissolved. From January 2016, personnel are now self-employed contractors of the UK entity (as part of a re-organisation of the International Office function). This provides a more flexible and efficient structure for the Poland-based team.

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 Director 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 a number of wholly owned dormant subsidiary companies in which the share capital is unpaid. Only **SGM Lifeworlds Ltd** is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2016.

The Finance Director and Company Secretary acts as trustee for the charity Radstock (Eccleston Hall) Trust; he is also a trustee of Childs Charitable Trust. One Board member, Keith Bintley, acts as a trustee for the charity Stewards Company Ltd. All three charities gave grants to the Charity during the year, the aggregate total of which was £382,000 [2015: £307,000].

One Board member, Tadeusz Tolwinski (retired 1 October 2016), was a member of the Executive Board of the **SGM Lifeworlds Foundation** in Poland, which received grants from the Charity totalling £nil during the year [2015: £74,862].

Jadan Reeves-Bassett, son of the Creative Director, was paid £2,250 for design services [2015: £2,950].

The aggregated total amount of donations received without conditions from key management personnel during the year was £2,259 [2015: £4,119].

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 April 2015.

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 2016 through the development 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.

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:

David Morgan
Chair of the Board
Date: 18 May 2017

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

We have audited the financial statements of Scripture Gift Mission (Incorporated) for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 10 the Trustees (who are also the Directors of the charity 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of the charity's 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Scripture Gift Mission (Incorporated)

- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Report.

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 4 July 2017

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2016

	Notes	Unrestricted Funds		Restricted Funds	Total 2016	Total 2015
		General Fund and Revaluation Reserve	Designated Funds			
Income		£		£	£	£
Donations and grants		440,773	-	493,067	933,840	913,157
Legacies		590,761	-	2,000	592,761	473,667
		1,031,534	-	495,067	1,526,601	1,386,824
Investment income	3	34,223	-	-	34,223	36,092
Other income	4	4,344	-	-	4,344	38
Total income		1,070,101	-	495,067	1,565,168	1,422,954
Expenditure	5					
Costs of raising funds		141,864	-	-	141,864	158,007
Expenditure on charitable activities						
Providing Bible resources		667,811	40,000	364,878	1,072,689	886,100
Enabling programmes for communities-in-need		194,279	-	94,282	288,561	393,870
Strengthening capacity of branches & partners		45,247	-	-	45,247	60,578
		907,337	40,000	459,160	1,406,497	1,340,548
Total expenditure		1,049,201	40,000	459,160	1,548,361	1,498,555
Net income/(expenditure) before gains and losses		20,900	(40,000)	35,907	16,807	(75,601)
Realised & unrealised gains on property assets	11	-	-	-	-	-
Realised & unrealised gains on investment assets	12	101,120	-	-	101,120	15,341
Net income/(expenditure)		122,020	(40,000)	35,907	117,927	(60,260)
Other recognised gains/(losses)						
Actuarial (loss)/gain on defined benefit pension scheme	19	(766,000)	-	-	(766,000)	229,000
Net movement in funds		(643,980)	(40,000)	35,907	(648,073)	168,740
Reconciliation of funds						
Funds brought forward 1 January 2016		1,177,382	703,944	7,875	1,889,201	1,720,461
Funds carried forward 31 December 2016		533,402	663,944	43,782	1,241,128	1,889,201

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 2016

		2016	2015
Fixed assets	Notes	£	£
Tangible assets	10	1,018,043	1,058,834
Investment property	11	43,500	43,500
Investments	12	983,315	982,195
Total fixed assets		2,044,858	2,084,529
Current assets			
Debtors	14	208,381	332,341
Short-term deposits		148,658	146,565
Cash at bank and in hand		555,490	322,689
Total current assets		912,529	801,595
Liabilities			
Creditors: amounts falling due within one year	15	(104,459)	(82,323)
Net current assets		808,070	719,272
Net assets excluding pension liability		2,852,928	2,803,801
Defined benefit pension scheme liability	19	(1,611,800)	(914,600)
Total net assets		1,241,128	1,889,201
Represented by:			
Restricted funds	16	43,782	7,875
Unrestricted funds	16		
General fund		1,202,495	1,149,275
Designated funds		1,569,444	1,609,444
Revaluation reserve (property investment)		37,207	37,207
Pension scheme reserve deficit	19	(1,611,800)	(914,600)
Total unrestricted funds		1,197,346	1,881,326
Total charity funds		1,241,128	1,889,201

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 17 to 26 form part of these financial statements.

Approved by the Trustees on 18 May 2017 and signed on their behalf by:

David Morgan
Chair of the Board
Date: 18 May 2017

STATEMENT OF CASH FLOWS
at 31 December 2016

	Notes	2016	2015
Cash flows from operating activities		£	£
Net (expenditure)/income as per SOFA		(648,073)	168,740
Adjustments for:			
Depreciation		42,474	45,537
Gain on investments		(101,120)	(15,341)
Interest income		(34,223)	(36,092)
Decrease in debtors		123,960	55,254
Increase/(decrease) in creditors		22,136	(62,960)
Net cash (used in)/provided by operating activities		(594,846)	155,138
Cashflows from investing activities			
Purchase of property plant and equipment		(1,683)	(1,249)
Proceeds on disposal of investments		100,000	50,000
Dividends and interest from investments		34,223	36,092
Net cash provided by investing activities		132,540	84,843
Cashflows from financing activities			
Movement in defined benefit pension scheme		697,200	(280,800)
Net cash provided/(used in) by financing activities		697,200	(280,800)
Change in cash and cash equivalents in the reporting period		234,894	(40,819)
Cash and cash equivalents at the beginning of the reporting period		469,254	510,073
Cash and cash equivalents at the end of the reporting period	20	704,148	469,254

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1 LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee having no share capital. At the accounting date there were 72 members. 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 2015) - (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 consider that it is appropriate for the financial statements to be prepared on the 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 [2015: £nil]. The second fund of £663,944 is a capital fund for new ministry development [2015: £703,944]. 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 2016 the investment property consists of one remaining apartment [2015: 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. During the year, the Trustees of the defined benefit pension scheme changed the scheme administration and actuarial services from Legal & General to Barnett Waddingham LLP.

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.

3 INVESTMENT INCOME

The Charity's investment income of £34,223 [2015: £36,092] arises from dividends from fixed asset investments (£31,131 [2015: £31,889]), interest bearing deposit accounts (£3,092 [2015: £4,203]) and defined benefit pension scheme net return (£nil [2015: £nil]).

4 OTHER INCOME

The Charity's other income of £4,344 [2015: £38] arises from literature sales and some church display rack sales.

5 ANALYSIS OF TOTAL EXPENDITURE

EXPENDITURE	Direct Costs £	Support Costs £	Total 2016 £	Total 2015 £
Costs of raising funds	89,538	52,326	141,864	158,007
Total cost of raising funds	89,538	52,326	141,864	158,007
Expenditure on charitable activities				
Providing Bible resources	799,542	273,147	1,072,689	886,100
Enabling programmes for communities-in-need	258,661	29,900	288,561	393,870
Strengthening capacity of branches & partners	26,866	18,381	45,247	60,578
Total expenditure on charitable activities	1,085,069	321,428	1,406,497	1,340,548
TOTAL EXPENDITURE	1,174,607	373,754	1,548,361	1,498,555

6 ANALYSIS OF SUPPORT COSTS

	General management £	Premises, Finance & IT £	DB pension admin, legal & finance £	Depreciation £	Governance costs £	Total 2016 £	Total 2015 £
Costs of raising funds	18,860	15,598	9,438	5,947	2,483	52,326	76,415
Providing Bible resources	96,994	80,219	52,585	30,581	12,768	273,147	254,712
Enabling programmes for communities-in-need	10,777	8,913	5,393	3,398	1,419	29,900	72,169
Strengthening capacity of branches & partners	8,083	6,685	-	2,549	1,064	18,381	21,226
Total support costs	134,714	111,415	67,416	42,475	17,734	373,754	424,522

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

GOVERNANCE COSTS	Total 2016 £	Total 2015 £
Auditors' fees	6,074	6,446
Professional and legal fees	958	1,247
Strategic management	9,091	21,595
Trustees' expenses	1,611	1,074
Total governance costs	17,734	30,362

Auditors' fees include £6,074 for Audit fee and irrecoverable VAT on fee [2015: £6,446].

8 STAFF COSTS

Staff costs	Total 2016 £	Total 2015 £
Salaries	388,793	380,211
Social security	34,791	34,213
Pension	40,545	43,374
Total staff costs	464,129	457,798

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 [2015: nil], with a termination payment of £8,006, all of which has been paid.

The key management personnel of the Charity, comprise the Trustees, Executive Director, Creative Director and Finance Director. The total employee benefits of the key management personnel of the Charity were £143,093 [2015: £141,798].

The average monthly head count was 13 staff [2015: 14 staff]. At year-end the charity had 7 full-time staff [2015: 7 full-time staff] and 4 part-time staff (2015: 6 part-time staff). The average monthly number of full-time equivalent employees during the year was 11 [2015: 11].

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 seven SGM Lifewords centres in Brazil, India, Indonesia, Australia, Poland, Kenya and USA. Currently all other national or functional directors report to the UK & International Executive Director, 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 £100,800 to the defined pension scheme as part of the Recovery Plan [2015: £100,800] and £nil in respect of accrual of benefits [2015: £nil] in accordance with the Schedule of Contributions.

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 three Board members during the year was £1,611 [2015: three members, £1,074]. 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 2016	111,900	210,207	869,880	1,191,987
Additions	3,746	(2,063)	-	1,683
Disposals and written off	(4,738)	-	-	(4,738)
Cost at 31 December 2016	110,908	208,144	869,880	1,188,932
Depreciation				
At 1 January 2016	79,988	18,369	34,796	133,153
Charge for the year	16,341	8,735	17,398	42,474
Disposals and written off	(4,738)	-	-	(4,738)
Depreciation at 31 December 2016	91,591	27,104	52,194	170,889
Net book value				
At 31 December 2016	19,317	181,040	817,686	1,018,043
At 31 December 2015	31,912	191,838	835,084	1,058,834

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

UK property	2016 £	2015 £
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 2016 consists of one remaining apartment [2015: 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.

Revaluation Reserve balance	2016 £	2015 £
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

	2016	2015
	£	£
Market value at 1 January	982,195	1,016,854
Disposals	(100,000)	(50,000)
Change in value in the year	101,120	15,341
Market value at 31 December	983,315	982,195

Historical cost:

At 31 December	618,487	682,181
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Listed investments are represented by 903,666 units in Newton Growth & Income Fund for Charities at a book value of £618,487 [2015: £682,181]. The cumulative unrealised gains on these investments are £364,828 [2015: £300,014].

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 2016 at the sum of £163,000 [2015: £178,000]. This valuation has not been subject to audit.

14 DEBTORS

	2016	2015
	£	£
Legacy debtors	174,539	293,741
Taxation recoverable	3,806	11,610
VAT recoverable	-	16,696
Staff loans	6,557	4,960
Pre-payments and other	23,479	5,334
Total debtors	208,381	332,341

The Charity has been notified of legacies estimated at £33,300 [2015: £53,400] which have not been admitted as income as they are residual legacies and there is no indication of when they will be realised. These will be included in future periods when information on their realisation has been notified to the Charity.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Taxation and social security	9,044	9,321
Trade creditors	35,163	20,499
VAT liability	1,205	-
Other creditors	59,047	52,503
Total creditors due within one year	104,459	82,323

16 MOVEMENTS IN FUNDS

	Balance at 1 January £	Income £	Expenditure £	Investment Gains	Actuarial Losses	Balance at 31 December £
Restricted funds						
Providing Bible resources	-	344,774	(324,774)	-	-	20,000
Choose Life	-	29,606	(29,606)	-	-	-
Pavement Project	600	87,858	(64,676)	-	-	23,782
9Beats	-	22,479	(22,479)	-	-	-
Indonesia	7,275	10,350	(17,625)	-	-	-
	7,875	495,067	(459,160)	-	-	43,782
Unrestricted funds						
Designated						
Security against the deficit of the defined benefit pension scheme	-	-	-	-	-	-
Ministry development	703,944	-	(40,000)	-	-	663,944
Revaluation Reserve	37,207	-	-	-	-	37,207
General	1,140,175	1,070,101	(1,049,201)	101,120	(766,000)	496,195
	1,881,326	1,070,101	(1,089,201)	101,120	(766,000)	1,197,346
Total funds	1,889,201	1,565,168	(1,548,361)	101,120	(766,000)	1,241,128

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 9Beats 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). The fund for Indonesia covers costs for training and resourcing pastors and evangelists, particularly those serving poor and remote communities.

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 [2015: £nil]. The second fund of £663,944 is a capital fund for new ministry development [2015: £703,944].

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Revaluation Reserve £	Designated Funds £	Restricted Funds £	Total £
Fund balances at 31 December are represented by:					
Fixed assets	438,207	37,207	1,569,444	-	2,044,858
Current assets	868,747	-	-	43,782	912,529
Current liabilities	(104,459)	-	-	-	(104,459)
Total net assets before pension liability	1,202,495	37,207	1,569,444	43,782	2,852,928
Long term pension liability	(706,300)	-	(905,500)	-	(1,611,800)
Total net assets	496,195	37,207	663,944	43,782	1,241,128

18 RELATED PARTY TRANSACTIONS

The Charity has a number of wholly owned dormant subsidiary companies in which the share capital is unpaid. Only SGM Lifeworlds Ltd is likely to be used for the purpose of servicing future commercial needs. This company remained dormant during 2016.

The Finance Director and Company Secretary acts as trustee for the charity Radstock (Eccleston Hall) Trust; he is also a trustee of Childs Charitable Trust. One Board member, Keith Bintley, acts as a trustee for the charity Stewards Company Ltd. All three charities gave grants to the Charity during the year, the aggregate total of which was £382,000 [2015: £307,000].

One Board member, Tadeusz Tolwinski (retired 1 October 2016), was a member of the Executive Board of the **SGM Lifeworlds Foundation** in Poland, which received grants from the Charity totalling £nil during the year [2015: £74,862]. The Foundation, formerly a subsidiary of the UK, was dissolved during the course of the year, and from January 2016 personnel were paid as self-employed contractors of the UK entity. This change was made as part of a re-organisation of the International Office function, to provide a more flexible and efficient structure for the Poland-based team.

Jadan Reeves-Bassett, son of the Creative Director, was paid £2,250 for design services [2015: £2,950].

The aggregated total amount of donations received without conditions from key management personnel during the year was £2,259 [2015: £4,119].

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. During the year the Trustees of the defined benefit pension scheme changed the scheme administration and actuarial services from Legal & General to Barnett Waddingham LLP. 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:	2016	2015
	£'000	£'000
Defined benefit scheme (Recovery Plan)	101	100
Defined contribution scheme	40	43
Total	141	143

No amounts were owing at the year end [2015: £nil].

Additional FRS102 disclosures

The valuation used for FRS102 disclosures has been based upon the latest full actuarial valuation at 6 April 2013 and updated by a qualified independent actuary. The major assumptions used by the actuary were:

%	2016	2015	2014	2013	2012
Rate of increase in salaries	n/a	n/a	n/a	3.3	2.8
Rate of increase for pensions in payment and deferred pension	3.2	2.9	2.9	3.3	2.8
Discount rate	2.9	3.8	3.5	4.5	4.5
Inflation assumption - retail price index increase	3.3	3.0	2.9	3.3	2.8

19 PENSION (continued)

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

	Long-term rate of expected return at 31/12/16 %	2016 fair value £'000	Long-term rate of expected return at 31/12/15 %	2015 fair value £'000	Long-term rate of expected return at 31/12/14 %	2014 fair value £'000
Legal & General funds						
Managed Funds	5.6	3,482	5.6	2,937	5.6	2,839
Annuities	4.5	<u>1,877</u>	4.5	<u>1,849</u>	4.5	<u>1,985</u>
Total market value of assets		<u>5,359</u>		<u>4,786</u>		<u>4,824</u>
Present value of scheme liabilities		<u>6,970</u>		<u>5,700</u>		<u>6,019</u>
Deficit in scheme being the net pension liability		(1,611)		(914)		(1,195)

Analysis of the amount charged against operating income

	2016 £'000	2015 £'000
Current service cost	-	-
Past service cost	-	-
Total operating charge	-	-

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

	2016 £'000	2015 £'000
Expected return on pension scheme assets	181	167
Interest on pension scheme liabilities	<u>(213)</u>	<u>(207)</u>
Net return	(32)	(40)

Analysis of amount recognised in Statement of Financial Activities (SOFA)

	2016 £'000	2015 £'000
Actual return less expected return on pension scheme assets	461	(32)
Experience losses arising on the scheme liabilities	50	64
Changes in assumptions underlying the present value of the scheme liabilities	<u>(1,277)</u>	<u>197</u>
Actuarial (loss)/gain recognised in SOFA	(766)	229

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

	2016 £'000	2015 £'000
Deficit in the scheme at beginning of year	(914)	(1,195)
Movement in year		
Contributions	101	100
Investment income	(32)	(40)
Other finance costs	-	-
Expenses paid by scheme	-	(8)
Actuarial gain/(loss)	<u>(766)</u>	<u>229</u>
Deficit in the scheme carried forward	(1,611)	(914)

19 PENSION (continued)

History of experienced gains and losses

	2016	2015	2014	2013	2012
Difference between actual and expected return on scheme assets (£'000)	461	(32)	119	145	45
Percentage of scheme assets at end of year	8.6	(0.7)	2.5	3.3	1.1
Experience gains/(losses) on scheme liabilities (£'000)	50	64	(17)	(48)	59
Percentage of the present value of the scheme liabilities	0.7	1.1	(0.3)	(0.9)	1.2
Total amount recognised in SOFA (£'000)	(766)	229	(500)	(119)	(43)
Percentage of the present value of the scheme liabilities	(11.0)	4.0	(8.3)	(2.3)	(0.9)

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 2016	Cash flows	At 31 December 2016
Cash at bank	322,689	232,801	555,490
Cash on deposit	146,565	2,093	148,658
	469,254	234,894	704,148
Net cash	469,254	234,894	704,148