Company Registration		No 611250
Charity Registrations	England	No 219763
	Scotland	No SCO 40432

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Annual report and financial statements
for the year ended 30 September 2018

SIM International (UK)

(A charitable company limited by guarantee and not having a share capital)



SERVING IN MISSION
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SIM International (UK)

Charitable company information

Registered office	Wetheringsett Manor Wetheringsett Stowmarket Suffolk IP14 5QX
Directors	Dr. T. Cudmore — Chair (resigned 7-Nov-2018) Rev. J. Dyer — Deputy Chair Mr D.M. Heasman — Deputy Chair Mr P.J. Shelley Miss M. Gillies Mr S.P. Smith Miss A. Lijcklama à Nijeholt Mr N.R.J. Younge Dr. A.B. Harris Mr Y. Mengistu Woldegebreal Miss C.L. Newman
Company Secretary	Mr T J McMahon
Bankers	Barclays Bank PLC 543 Norwood Road West Norwood London SE27 9DW CAF Bank Kings Hill West Malling Kent ME19 4TA
Solicitors	Lewis & Dick 443 Kingston Road Ewell Surrey KT19 0DG
Auditor	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

SIM International (UK)
For the year ended 30 September 2018

Directors' Report

Registered Company number 611250
Registered Charity number England 219763
Registered Charity number Scotland SCO 40432

The directors who are also trustees have pleasure in presenting their report and the financial statements for the year ended 30 September 2018.

Governing instrument

The governing instrument for the charitable company ("the charity") is its Memorandum and Articles of Association. The charity is a company incorporated on 15 September 1958 limited by guarantee and not having share capital. The charitable company was originally incorporated as *Sudan Interior Mission (United Kingdom) Limited.*

Subsequent mergers with *Andes Evangelical Mission* in 1982 extended the work to South America, with *International Christian Fellowship* in 1989 added fields in Asia, and with *Africa Evangelical Fellowship (SAGM)* in 1998 extended the work further into Southern Africa. The merger with *MECO UK & Ireland* which completed on 1st October 2016 extended the work of the mission into the Middle East.

The objects of the charity are summarised:

Convinced that no one should live and die without hearing God's good news, the charity exists to assist churches in the UK and Ireland realise the biblical mission of sending and receiving gospel workers who are equipped to make disciples of Jesus Christ in communities where he is least known. This is done by strengthening churches' commitment to mission, developing mission opportunities, and by training and supporting missionaries in, to and from UK churches.

Structure, Governance and Management

The following were directors for the whole of the period from 1 October 2017 to the date of this report unless otherwise stated:

Dr. T. Cudmore	Chair (resigned 7th November 2018)
Mr. J Dyer	Deputy Chair
Mr D.M. Heasman	Deputy Chair
Mrs. G. Phillips	Resigned 26th April 2018
Miss M. Gillies	
Mr P. Shelley	
Mr S.P. Smith	
Mr. N.R.J. Younge	
Miss A. Lijcklama à Nijeholt	
Dr A.B. Harris	
Dr. Y. Mengistu Woldegebreal	Appointed 3rd March 2018
Miss C.L. Newman	Appointed 3rd March 2018

A new director, on appointment, receives a full briefing on the charity, its governance, its objects and how these are to be achieved through its vision and purpose.

Directors normally serve for a period of three years and may then be re-elected. The board, which consists of the directors, is entitled to nominate and appoint new directors.

The directors also act as trustees for the charitable activities of SIM International (UK) ("SIM UK") which is the UK arm of SIM, the global missionary agency ("SIM"). "Serving In Mission" is a working name of SIM International UK.

SIM International (UK)
For the year ended 30 September 2018

Directors' Report

Subgroups
The board uses sub-committees to help govern the operations of the charity and on which appropriately qualified individuals serve, as follows:

Finance and Legal Committee	Mr P Shelley (Chair) Mr P F Bosson (Resigned on 20th September 2018) Dr Anthony Harris Miss K Dryer
People Committee	Miss M Gillies (Chair) Rev Harald Holmgren (Resigned on 19th July 2018) Mr J Nurse Mr P Judkins

Operational Management
There are four principal officers who manage the day to day operations of the charity:

Mr. S.P. Smith	UK Director
Mr. J.R. Niblett	Finance & Stewardship Director (Resigned on 17th August 2018)
Mr. T. J. McMahon	Strategic Development Director
Mrs. D.C. Agnes	Member Care & Mobilisation Director

Remuneration of key management personnel
The Finance and Legal committee have responsibility for reviewing salary policy and salary structures. Proposed changes are recommended to the Board. Salaries are benchmarked against other UK mission agencies. The annual salaries of the key management personnel are approved by the Board.

Volunteers

Serving In Mission uses volunteers to assist the directors and mobilisers to fulfil their roles more effectively. Five regional support groups assist and support regional mobilisers.

Statement of Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the balance sheet date and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping adequate accounting records which 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts comply with statutory requirements under Company law as stated above and also the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in January 2015, the Charities (Accounts and Reports) Regulations and the Charities Act 2011.

Directors' Report

Risk management

The directors have identified the severity of the risks to which the charity is exposed. They have also considered the likelihood of those risks. The steps taken to mitigate those risks have been assessed in the light of both the severity and the likelihood of each risk. Risks have been grouped into the following categories:

Governance, Operational, Personnel, Financial, Reputational, External and Health & Hygiene. The register of risks was reviewed by Trustees.

The specific risks which were identified as severe and possible over the next five years were:

- Structural or fire damage to the office building;
- External financial scams and fraud;
- Stewardship strategy fails to address operational deficit; and
- Unintentional illegal acts including data protection, charity law and employment law.

Appropriate courses of action were agreed for each of these to mitigate against the risks.

Objectives and Activities

The principal objectives of the charity are to develop and encourage interest in Christian Missions and, with churches, to train and send missionaries to and from Europe, Africa, South America, Asia and the Middle East as expressed in the following Vision Statement:

We work hand-in-hand with evangelical churches to send and receive gospel workers equipped for cross-cultural mission wherever people live and die without hearing God's good news.

We seek to achieve the vision by:

- developing and promoting opportunities for churches to send and receive cross-cultural workers to places where people will otherwise live and die without hearing the good news about the Lord Jesus Christ;
- envisioning and enabling churches to prayerfully engage in God's mission to the nations through multi-cultural outreach, compassion and discipleship, both locally and globally; and
- training and supporting missionaries so that they are helped to practise integrated biblical discipleship as they proclaim the gospel and seek to live out God's word where there is no witness.

Our aim

By 2025, we aim to be an organisation of 300 mission members serving in, to and from the UK and Ireland, who grow throughout their lives in obedience to everything Jesus taught, with increasing spiritual vitality and wellbeing, mentored in personal, theological and ministry competence.

Public Benefit

The directors are aware of the Charity Commission's guidance on public benefit and, in particular, the specific guidance offered to charities for the advancement of religion. The charity's objects include advancement of religion along with the alleviation of poverty and suffering. As explained in the Review of Activities set out below, the charity has addressed a range of such public benefit purposes including:

- enabling people to know of and live out the Gospel in fellowship with other believers and in lives of service within their communities;
- facilitating people to learn more about the Christian faith and in the deepening of their trust in Jesus Christ;
- providing biblical cross-cultural training for congregations and their leaders;
- working with churches in the poorest countries of the world to alleviate suffering, injustice and human need; and
- working with churches and other partners to provide educational benefits to communities in various countries.

SIM International (UK)
For the year ended 30 September 2018

Directors' Report

Fundraising

The charity had a department of 3 staff (FTE) dedicated to fundraising. All fundraising communication was conducted in accordance with GDPR legislation, with policy and procedures developed in advance of 25th May 2018 when GDPR legislation came into effect. The database of supporters was cleansed as part of the GDPR compliance preparations, which included identification of vulnerable people (viz. the very aged) to ensure they would be protected from unreasonable intrusion. Guidance and training was provided to missionaries to ensure their communications to their personal supporters would also be GDPR compliant. No complaints were received about the charity's fundraising activities in the year. The charity did not use the services of external professional fundraising consultants or commercial fundraising contractors.

Review of Activities, Future Developments and Plans

The charity has continued to develop its core activities of enabling UK churches to send and receive missionaries, and supporting those missionaries. In 2018 a total of 177 (2017: 170) missionaries served in cross-cultural mission, including 32 headcount (= 18 family units) placed through SIM UK for the German mission agency DMG. At the end of the year there were 123 long term missionaries (2017: 124) and 22 on short term assignments (2017: 28) serving with Serving In Mission, plus the 32 DMG missionaries placed through SIM UK. There was 1 missionary from overseas serving with a UK church (2017: 1). The charity has continued to receive and send funding for numerous projects around the world.

In 2017 SIM and its campaign partners launched the 10:14 prayer initiative which called on Christians globally to pray for workers to be sent to minister to refugees. Thousands joined in prayer across many countries. We also launched a new website – www.howwilltheyhear.net and identified over 53 Ministry opportunities for gospel workers to share Jesus Christ with refugees and migrants. The Campaign has caught the imagination of SIM mobilisers around the world and also of SIM's partners with now twelve partners, all actively working together to mobilise prayer and people and to prepare to receive workers across Europe, the UK and the Middle East. In 2018 we had 150 mission opportunities open for long or short term placements in Europe, serving the diaspora peoples across the continent. SIM-UK and the 10 sending missions of the campaign are in the process of signing a new partnership with Biblica (International Bible Society) to raise funds to subsidize scriptures in the languages of the immigrant and migrant peoples living in Europe. In short, the faith goal is to distribute 150,000 Bibles (10% of the recent refugee migration) this coming year.

ENGAGE is one of the five routes into mission service through Serving In Mission for overseas gospel workers into cross-cultural ministry. The programme seeks to work hand in hand with UK evangelical churches, as well as the global Church through SIM's extensive network of national church partnerships, to receive and place gospel-workers to help resource and mobilise the local urban Church to fulfil its vision of discipleship-making among multi-ethnic communities where Christ is least known. The programme is presently in the pilot phase and was reviewed in 2018.

The three-fold aim of the programme is:

1) for churches to impact their local multi-ethnic community for Christ,
2) to strengthen churches in effective gospel ministry amongst people from diverse ethnic backgrounds, that a new generation of gospel-workers may be raised-up to go, and
3) for received gospel-workers to gain experience and grow through their cross-cultural placement.

In Malaysia, in February 2014, the leaders of SIM working internationally agreed a pioneering focus on those living and dying without hearing the gospel of Jesus Christ. The Board of Trustees reflected on the "Malaysia Initiative" and considered how Serving In Mission would refocus its strategy in the UK and Europe. The following five priorities were agreed in light of the Malaysia Initiative. Each of these was further developed in the year ending 30th September 2018:

SIM International (UK)
For the year ended 30 September 2018

Directors' Report

1 **Multi-directional mobilisation of gospel workers to serve where the need is greatest**
In partnership with the local church, Serving In Mission will:
- recruit, train and support new short term missionaries, sent from and received into the UK ;
- mentor and support short-term missionaries to commit to serving for more than 2 years; and
- contribute to SIM teams to cross barriers with the gospel in worldwide contexts where people would otherwise live and die without the gospel.

2 **Churches resourced for cross-cultural gospel outreach, compassion and discipleship**
Hand-in-hand with evangelical churches and appropriate partners in every region, Serving In Mission will:
- provide biblical resources for teaching people of all ages about the church's mission to the nations;
- facilitate regional training in multi-cultural outreach, compassion and discipleship; and
- see churches send gospel workers to unreached people-groups and regions.

3 **Discipled workers equipped to be fruitful in gospel ministry**
As Serving In Mission works hand-in-hand with the sending church, families and individuals will:
- be equipped to thrive in loving sacrificial obedience to everything Jesus taught;
- have the personal, theological and ministry resources to effectively cross barriers to reach people who have not heard God's word about Jesus Christ; and
- be effectively supported through financial, prayer and ministry expertise networks.

4 **Sacrificial prayer and generosity increased to facilitate well-stewarded gospel initiatives**
Serving In Mission will clearly communicate the resource needs of pioneering mission to the unreached with existing supporters and new donors:
- encouraging sacrificial gospel generosity to cover clearly explained costs of mission;
- supporters and donors will be promptly thanked and regularly updated about the needs of cross-cultural
  gospel ministry worldwide; and
- in order that unrestricted and restricted donations will increase to fund new gospel initiatives.

5 **Gospel partnerships developed for reaching people without a gospel witness**
Hand-in-hand with evangelical churches, organisations and institutions, Serving In Mission will:
- develop multi-cultural initiatives locally, regionally and internationally;
- provide church-focused mission support services with like-minded mission organisations; and
- build mutually-beneficial partnerships so that the church's mission is fulfilled.

Office Relocation

The Board have been considering the best location for the headquarters of Serving In Mission since 2014. The criteria for the relocation are:
- To be able to serve the diversity of the UK evangelical church in the years ahead, as we send and receive workers
- To be able to recruit effectively, representing the diversity of the UK evangelical church
- To be more accessible to UK roads, rail and international airports
- To be able to partner and collaborate effectively in the years ahead.
- To be cost effective (feasible)
- To be in a position where some current staff and leadership will be able to commute to the new location

In October 2017, after consultation with mission members, supporting churches and staff, Stratford in London was identified as the most strategic location. However, property costs dictated elsewhere. In April 2018 the Board of trustees agreed in principle to relocate to Cambridge, and establish a small presence in London. The

Board tasked the senior management with implementing this decision in the most efficient way possible - notwithstanding commitments to Wetheringsett Camp - and to ensure excellent treatment of staff and efficient recruitment of a restructured team.

Property consultants and an Estate Agent were engaged to commence the sale of Wetheringsett Manor, find a destination for the relocated office, and to assist the organisation transition to operate from relocated premises. The Wetheringsett site came under offer in November 2018. Relocation is expected in late-2019.

Brexit

The Trustees do not think that Brexit will have a significant impact on the Charity, either operationally or financially:

- Operationally, the vast majority of SIM UK missionaries operate outside of Europe. Any that operate in Europe are placed through European partner agencies such as DMG Interpersonal e.V. (Damit Menschen Gott begegnen, Sinsheim, Germany), who can handle any visa issues arising from Brexit.
- Financially, although Brexit uncertainty is affecting financial markets resulting in decreased investment returns, SIM UK's investment strategy is highly cautious (see section "Investment Policy" below), with the majority of the charity's investments being little affected by fluctuations in financial markets. Only 3% of the charity's total income comes from investment income.

Key Financial Provisions, Trends and Risks

In 2018 preparations began to relocate the office of SIM UK headquarters. £117k was transferred to an office Relocation Fund for this purpose.

2018 was the 125th anniversary of the founding of Serving in Mission. Celebration events were arranged by the 70+ entities that constitute SIM internationally. £33k was transferred from the Strategy & Special Projects Fund to an Anniversary Fund to allow celebration and promotional events to be conducted in several centres across the UK.

£45k was transferred from the Tunbridge Wells Office Proceeds Fund to SIM Middle East, in accordance with a commitment at the time of the MECO merger.

The 4.8% increase in number of SIM UK missionaries has resulted in increased support for missionaries by 4.6%, £2,499k (2017: £2,389k) and increased missionaries' costs by 7.3% to £2,458k (2017: £2,291k)

The decrease in project expenditure £591k (2017: £749k) mirrored a decrease in income for projects £587k (2017: £673k).

2018 saw moderate returns on the charity's investments, although investment returns were lower than in 2017. There were gains on the investments of £11k. (2017: £40k). The income from interest and dividends was £50k (2017: £51k).

The main financial risk remains the reliance on the growth of unrestricted donated income. The trustees will keep a careful eye on how this income stream develops. The cost of the proposed relocation of the headquarters to Cambridge and London will be carefully weighed against the benefits of greater ethnic diversity and better geographic connectedness. The possible increase in running costs will be assessed before the precise location is finalised. The charity will explore strategic partnerships with other organisations which may also relocate to East London.

As we look to the future, we see political and economic uncertainties associated with Brexit. Our main funding source is donations from thousands of individuals and over a hundred churches. Most of these give to support missionaries known personally to them. Our experience is that these churches and supporters remain loyal and generous in their support even during economic recession.

SIM International (UK)
For the year ended 30 September 2018

Directors' Report

Investment policy

The directors have approved an investment policy which seeks to balance appropriately between total returns on funds invested and an acceptable level of risk. This is achieved by allocating funds between time horizons.

Short term funds (up to a year) are invested in appropriate cash deposits. Medium term funds (one to five years) are invested in a combination of cash deposits, fixed interest instruments and equity-related instruments not exceeding 25% of the total funds invested for the medium term. Long term funds (over five years) are invested in a combination of fixed interest instruments and equity-related investments.

The directors' objective of ensuring that funds are invested in portfolios that are well-diversified and with a level of risk commensurate with that deemed appropriate, has been achieved through continuing to invest in the Charitrak Common Investment Fund, managed by Blackrock and specifically designed for charities.

Reserves policy

The directors have agreed that sufficient reserves will be held to ensure the sustainability of the charity's strategy through the general economic cycle. Accordingly, reserves will be held to cover 100% of funds allocated to the Strategy & Special Projects Fund plus at least 6 months of General Fund expenditure.

General Funds held at 30 September 2018 were £484k, equivalent to 6 months of running costs. The Strategy & Special Project Funds held at the year-end was deemed to be sufficient to cover the projected deficits, and reasonable contingencies for the medium term. The total unrestricted available reserves at 30th September 2018 were £707k (2017: £902k).

Endowment, Restricted and Designated funds are excluded from the reserves calculation along with the Asset Fund which is not liquid. Debtors are also excluded from the available funds. The decrease in debtors to £167k (2017: £254k) was due to Gift Aid being fully collected in the financial year in which the donations were received, and a decrease in prepayments.

Going Concern

The financial statements have been prepared on a going concern basis. Forecasts and business plans have been prepared which provide comfort that SIM UK will continue to meet its objectives in the foreseeable future.

Auditor

The auditor, Mazars LLP, have signified their willingness to continue in office. A resolution to re-appoint them as auditor will be proposed at the forthcoming annual general meeting.

Statement of disclosure to the Auditor

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charity's auditor are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the charity's auditor are unaware.

The directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

BY ORDER OF THE BOARD

17th May 2019

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Mr. P. Shelley, Director
Wetheringsett Manor, Wetheringsett
Stowmarket, Suffolk,IP14 5QX

MAZARS

Independent auditor's report to the members of SIM International (UK)

For the year ended 30 September 2018

Opinion

We have audited the financial statements of SIM International UK (the 'charity') for the year ended 30 September 2018 which comprise of Statement of financial activities (incorporating the income and expenditure account), Balance sheet, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2018 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 7.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Charity's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Charity and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

MAZARS

Independent auditor's report to the members of SIM International (UK)

For the year ended 30 September 2018

Responsibilities of Trustees

As explained more fully in the Statement of Directors' responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 44(1)(C) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Vincent Marke
(Senior Statutory Auditor)
for and on behalf of **Mazars LLP**
Chartered Accountants and Statutory Auditor
The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF

Date: 31 May 2019

SIM International (UK)

SERVING IN MISSION SIM

Statement of financial activities (incorporating the income and expenditure account)

For the year ended 30 September 2018

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
Income from:						
Incoming resources from generated funds						
Voluntary income:						
Donations and similar income	3	879,704	3,085,654	-	3,965,358	3,943,580
Legacies		117,103	-	-	117,103	164,012
Interest and investment income	4	43,490	6,882	-	50,372	51,069
Other incoming resources		49,379	-	-	49,379	44,681
Total income	5	**1,089,676**	**3,092,536**	-	**4,182,212**	**4,203,342**
Expenditure on:						
Raising funds		172,134	-	-	172,134	141,549
Missionaries		45,141	2,412,652	-	2,457,793	2,290,948
Ministry		225,185		-	225,185	187,106
Projects		-	591,142	-	591,142	748,641
Services for Missionaries		458,344	-	-	458,344	410,655
Mobilisation & Member Care		591,896	-	-	591,896	525,813
Total expenditure	7	**1,492,700**	**3,003,794**	-	**4,496,494**	**4,304,712**
Net income / expenditure before other gains and losses		**(403,024)**	**88,742**	-	**(314,282)**	**(101,370)**
Reclassification of fixed assets	12	-	-	-	-	(129,251)
Loss on disposal of fixed assets		-	-	-	-	(46)
Net gains / (losses) on investments		10,555	-	(5,347)	5,208	28,420
Gain on Merger with MECO	24	-	-	-	-	1,093,268
Deficit on defined benefit pension scheme		-	-	-	-	(51,000)
Transfers between funds		31,910	(31,910)	-	-	-
Net movement in funds		**(360,559)**	**56,832**	**(5,347)**	**(309,074)**	**840,021**
Fund balances brought forward	19	3,572,218	1,040,020	211,996	4,824,234	3,984,213
Fund balances carried forward	19	**3,211,659**	**1,096,852**	**206,649**	**4,515,160**	**4,824,234**

The notes to the financial statements on pages 15 to 33 form part of these accounts.

SIM International (UK)

Balance sheet at 30 September 2018

Company Number: 611250

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible fixed assets	10	994,752		997,521	
Intangible fixed assets	11	11,974		15,966	
Investments	13	726,763		921,555	
			1,733,489		1,935,042
Current assets					
Debtors	14	167,341		254,053	
Current asset investments	15	1,862,355		1,584,913	
Cash and cash equivalents	16	1,295,693		1,614,813	
			3,325,389		3,453,779
Current liabilities					
Creditors: Amounts falling due within one year	17		(453,066)		(459,103)
Net current assets			2,872,323		2,994,676
Creditors: Amounts falling due After one year	17		(90,652)		(105,484)
Total assets less current liabilities			**4,515,160**		**4,824,234**
The funds of the charity:					
Unrestricted funds					
Asset fund		1,006,724		1,013,487	
Designated funds		1,421,406		1,489,437	
Strategy & Special project funds		299,034		570,294	
General fund		484,495		499,000	
			3,211,659		3,572,218
Restricted funds			1,096,852		1,040,020
Endowment fund			206,649		211,996
	19		**4,515,160**		**4,824,234**

The notes to the financial statements on pages 15 to 33 form part of these accounts.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved and authorised for issue by the Board on 17th May 2019 and signed on its behalf by:

.....
Mr. P. Shelley, Director

SIM International (UK)

SERVING IN MISSION SIM

Statement of cash flows
For the year ended 30 September 2018

	2018 £	2017 £
Net movement in funds	(309,074)	840,021
Adjustments for:		
Depreciation	2,770	3,694
Loss / (profit) on sale of property, plant & equipment	-	46
Reclassification of fixed assets	-	129,251
Amortisation	3,992	5,322
(Gain) / loss on investments	(5,208)	(28,420)
Interest and investment income	(50,372)	(51,069)
Decrease / (increase) in debtors	86,712	(83,567)
(Decrease) / increase in creditors	(20,869)	30,470
Gain on Merger with MECO, net of cash acquired	-	(692,142)
Cash generated from operations	**(292,049)**	**153,606**
Proceeds on disposal of property, plant and equipment	-	750,290
Net cash (placed to) fixed notice accounts	(77,443)	(11,423)
Interest and investment income	50,372	51,069
Net cash inflow from investing activities	**(27,071)**	**789,936**
Net increase in cash and cash equivalents	**(319,120)**	**943,542**
Cash and cash equivalents at beginning of year	1,614,813	671,271
Cash and cash equivalents at end of year	**1,295,693**	**1,614,813**

The notes to the financial statements on pages 15 to 33 form part of these accounts.

Notes to the financial statements
For the year ended 30 September 2018

1 Company status

SIM International (UK) is a company limited by guarantee, incorporated in England and Wales. The address of its registered office and principal place of business is disclosed in the company information.

The principal activity of the charity is to develop and encourage interest in Christian Missions and, with churches, to train and send missionaries to and from Europe, Africa, South America and Asia.

The financial statements are presented in Sterling and this is the functional currency of the Charity.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") and comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission in March 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies (refer to note 2.14).

2.2 Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of fixed asset investments which are included at market value.

2.3 Going concern

The financial statements have been prepared on a going concern basis. Forecasts and business plans have been prepared which provide comfort that SIM UK will continue to meet its objectives in the foreseeable future.

2.4 Funds

Following the requirements of the Statement of Recommended Practice all the funds of SIM International (UK) have been analysed over the different types of funds which are:-

Endowment funds

Endowment funds are those where the capital has to be retained but the income can be spent.

Restricted funds

Restricted funds are those where the donor has imposed restrictions on how the fund may be used, but which do not prevent the fund being spent.

Notes to the financial statements (continued)
For the year ended 30 September 2018

2.3 Funds (continued)

Unrestricted funds

Unrestricted funds are those which are not subject to any special restrictions and they can be used as the trustees decide. Designated funds are part of unrestricted funds and are amounts the trustees have set aside to cover particular expenditure.

Transfers between Funds

The income received on the endowment fund is transferred to the restricted fund to be used for a dental work project.

In the event that there are sufficient funds in the GAP & Short Term Associate (STA) projects, a transfer is made to the general fund in respect of the costs associated with running the GAP and STA programmes at Wetheringsett Manor.

2.5 Income

The income of the charity is credited to the Statement of Financial Activities on the following bases:

(a) Gift aid donations, ordinary donations, dividends and income from the sale of literature and other publicity materials – amount received during the year.

(b) Legacies - when the three criteria of entitlement, measurability and probability are met.

(c) Tax repayments in respect of tax reclaimed on gift aid donations and investment interest – included in the year in which the related income is due.

(d) Rents and deposit interest – on a receivable basis for the financial year.

2.6 Classification of expenditure

Costs of generating voluntary income are costs incurred in inducing voluntary contributions to the charity.

Charitable activity costs are costs in furtherance of the charity's objects all of which is expenditure directly relating to the objects of the charity.

2.7 Profits on sale of property and investments

Profits on sale of property and investments are credited to the Statement of Financial Activities on a receivable basis. Investments are included in the Balance Sheet at their market value, and any unrealised gains/losses are included on the Statement of Financial Activities.

Notes to the financial statements (continued)
For the year ended 30 September 2018

2.8 Fixed assets

Depreciation is calculated to write off the cost of fixed assets over their useful lives. Equipment and vehicles are written off on a reducing balance basis at the rate of 25% p.a. The value of the freehold property and the surrounding land is significantly in excess of the book value of the building and so any depreciation charge on cost to apportion the cost over its estimated useful economic life to a residual value would be immaterial therefore no depreciation is charged in the financial statements.

Assets are capitalised at cost, only assets costing more than £3,000 are capitalised.

2.9 Foreign currencies

Revenue and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling at the time when transactions occur. Assets and liabilities are translated at rates of exchange ruling at the balance sheet date. Exchange differences are included in administration expenses.

2.10 Pension costs

Contributions payable to The Global Connections pension scheme with Zurich Life are charged to the Statement of Financial Activities in the period to which they relate.

Additional contributions were required by The Pensions Trust in respect of a defined benefit scheme deficit, they were charged to the Statement of Financial Activities within other gains and losses.

2.11 Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

2.12 Grants

Grants payable are included in the Statement of Financial Activities in the period in which the award is made. Grants unpaid at the year-end are accrued. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued but are noted as financial commitments.

2.13 Cash and cash equivalents

Cash and cash equivalents are cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.14 Financial instruments

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

2.15 Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

- Depreciation and amortisation - which is calculated in order to write down tangible fixed assets to their residual value over their economic life.
- Accrued legacies – which are recognised to the extent that entitlement, value and certainty can be reliably measured at the balance sheet date.
- Pension accrual and assumptions – which is accounted for using the latest triennial pension report. During the prior year, at 30 September 2017, the Directors accrued an estimate of the year end creditor based on the first draft of the 2017 triennial pension report. No further adjustment was required during the year ended 30 September 2018.

3 Analysis of donations

	Un-restricted £	Restricted £	Endow-ment £	2018 £	2017 £
Donations for Missionaries	-	2,499,052	-	2,499,052	2,388,977
Donations for Projects	-	586,602	-	586,602	672,611
Donations for Ministry	182,016	-	-	182,016	166,784
Service Charges	358,537	-	-	358,537	338,654
Unrestricted Donations	339,151	-	-	339,151	376,554
	879,704	**3,085,654**	**-**	**3,965,358**	**3,943,580**

Notes to the financial statements (continued)
For the year ended 30 September 2018

4 Interest and investment income

	2018 £	2017 £
Interest on bank deposits	24,386	25,030
Investment income – Common Investment Funds	25,986	26,039
	50,372	**51,069**

5 Total income

Incoming resources are attributable to the principal activity, the financing and co-ordination of mission activity.

A geographical analysis of income is given below:

	2018 £	2017 £
UK	3,889,462	3,862,410
Donor agencies (Northern Europe)	92,857	90,751
Other SIM offices	199,893	250,181
	4,182,212	**4,203,342**

6 Surplus on mission activities for the year

The surplus on missionary activities is stated after charging / (crediting):

	2018 £	2017 £
Loss / (Gain) on foreign exchange	868	(3,721)
Depreciation of fixed assets	2,770	3,694
Amortisation of intangible assets	3,992	5,322
Operating lease rentals	5,105	2,618
Auditor's remuneration (inc VAT)	12,044	11,000

Notes to the financial statements (continued)
For the year ended 30 September 2018

7 Total expenditure

	Staff Costs £	Other Costs £	2018 £	2017 £
Costs of generating voluntary income	113,853	58,281	172,134	141,549
Missionaries' Costs	-	2,457,793	2,457,793	2,290,948
Missionaries' Ministry	-	225,185	225,185	187,106
Projects	57,257	533,885	591,142	748,641
Services for Missionaries	263,995	194,349	458,344	410,655
Mobilisation & Member Care	349,692	242,204	591,896	525,813
	784,797	**3,711,697**	**4,496,494**	**4,304,712**

8 Staff costs

	2018 £	2017 £
Salaries	706,836	676,878
Social Security Costs	52,558	53,285
Other Pension Costs	76,241	67,438
	835,635	**797,601**

The average number of persons employed by the charity during the year was as follows:

	2018	2017
Management	4	4
Mobilisation	12	10
Administration	15	13
	31	**27**

Notes to the financial statements (continued)
For the year ended 30 September 2018

8 Staff costs (continued)

The key management personnel are recognised as 4 members of staff (UK Director, Finance & Stewardship Director, Strategic Development Director and Member Care & Mobilisation Director). The total remuneration for these staff totalled £182,947 (2017: £152,224). This included pension contributions of £20,813 (2017: £12,160).

One Director was employed during the year and the remuneration package totalled £52,214 (2017: £41,137) for the year including £3,300 (2017: £3,828) in respect of pension contributions.

Director remuneration is paid in accordance with the Memorandum & Articles of Association for services provided to the charity. The Director did not receive any remuneration in respect of his role as Director.

3 (2017: 2) Directors claimed travel expenses totalling £427 (2016: £182) during the year.

The charity is a member of The Global Connections pension scheme, which is a defined contribution scheme, for the majority of personnel including missionaries serving overseas. The aim is to augment state pensions available and provide benefits which may be drawn on return to the UK. The cost for UK personnel for the year is shown above and represents contributions payable by the charity to the Global Connections Scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund.

In respect of personnel who joined the charity before 1 October 1984, there are no formal pension arrangements. However, the charity makes payments of discretionary supplementary allowances to retired personnel who joined before that date to augment pensions and other allowances they receive. This arrangement does not represent a binding agreement as payments are made to the extent that funds are available.

MECO had a similar arrangement for some retired personnel before merger, who have now been included in this group. In the prior year, £100,000 of the unrestricted MECO funds were added to the designated fund mentioned in note 19.

9 Taxation

The company is exempt from Corporation Tax as a registered charity.

Notes to the financial statements (continued)
For the year ended 30 September 2018

10 Tangible fixed assets

	Freehold property	Equipment	Vehicles	Total
	£	£	£	£
Cost				
At 1 October 2017	1,183,272	216,557	-	1,399,829
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 September 2018	**1,183,272**	**216,557**	-	**1,399,829**
Depreciation				
At 1 October 2017	196,831	205,476	-	402,307
Disposals	-	-	-	-
Charge for the year	-	2,770	-	2,770
At 30 September 2018	**196,831**	**208,246**	-	**405,077**
Net Book Value				
At 30 September 2017	986,441	11,081	-	997,522
At 30 September 2018	**986,441**	**8,311**	-	**994,752**

11 Intangible fixed assets

	Software	Total
	£	£
Cost		
At 1 October 2017	28,384	28,384
Additions	-	-
Disposals	-	-
At 30 September 2018	**28,384**	**28,384**
Depreciation		
At 1 October 2017	12,418	12,418
Charge for the year	3,992	3,992
At 30 September 2018	**16,410**	**16,410**
Net Book Value		
At 30 September 2017	15,966	15,966
At 30 September 2018	**11,974**	**11,974**

Notes to the financial statements (continued)
For the year ended 30 September 2018

12 Investment property

	2018	2017
	£	£
Valuation		
At 1 October 2017	-	517,003
Reversal of historic revaluations, to be held at historic cost	-	(129,251)
Reclassification to tangible fixed assets	-	(387,752)
At 30 September 2018	-	-

During 2016, the parts of the property at Wetheringsett which were rented out at the balance sheet date were revalued by the trustees based on cost and the increase rental yield.

As at 30 September 2017, no parts of the property were being rented and there was no intention to rent out any parts in the future. Therefore the investment property was reclassified to tangible fixed assets at historic cost. This continues to be the case.

13 Fixed asset investments

	2018	2017
	£	£
Unlisted Investments		
Cash deposits maturing in more than 12 months	-	200,000
Listed Investments – at market value		
At 1 October	721,555	693,135
Sales & Maturities	-	-
Unrealised Gain	10,555	40,401
Unrealised Loss	(5,347)	(11,981)
At 30 September	726,763	721,555
Total fixed asset investments	**726,763**	**921,555**

The historical cost of listed investments at the balance sheet date was £559,896 (2017: £559,896).

Notes to the financial statements (continued)
For the year ended 30 September 2018

14 Debtors

	2018	2017
	£	£
Due from other SIM offices	38,380	40,799
Other debtors	62,549	31,903
Missionaries' personal funds (see note 18)	1,669	1,724
Gift aid	-	23,756
Prepayments & accrued income	64,743	155,871
	167,341	**254,053**

15 Current asset investments

	2018	2017
	£	£
Cash deposits	**1,862,355**	**1,584,913**

16 Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	**1,295,693**	**1,614,813**

Notes to the financial statements (continued)
For the year ended 30 September 2018

17 Creditors

	2018	2017
	£	£
Amounts due within one year		
Due to other SIM offices	67,817	68,411
Taxation & social security	18,664	20,108
Other creditors	165,141	165,221
Missionaries' personal funds (see note 18)	145,354	158,409
Accruals & deferred income	41,673	33,106
Pension deficit (see note 21)	14,417	13,848
	453,066	**459,103**

	2018	2017
	£	£
Amounts due after one year		
Pension deficit (see note 21)	**90,652**	**105,484**

18 Missionaries personal funds

	2018	2017
	£	£
Balance at the beginning of the year	156,685	114,009
Allowances and transfers	816,927	836,312
	973,612	950,321
Less: Payments from personal accounts	(829,927)	(793,636)
Balance at the end of the year	**143,685**	**156,685**
(See notes 14 and 17)		

Notes to the financial statements (continued)
For the year ended 30 September 2018

19 Funds

	Unrestricted funds							
	Asset fund	Revaluation Reserve	Designated funds	Strategy & Special Project fund	General fund	Restricted funds	Endowment fund	Total funds
	£	£	£	£	£	£	£	£
Balance at 1 October 2016	1,019,630	129,251	718,906	506,285	464,798	921,366	223,977	3,984,213
Income / Expenditure for year	(9,016)	-	(60,913)	(12,533)	(63,628)	44,720	-	(101,370)
Unrealised gain/(loss) on investments	-	-	-	-	40,401	-	(11,981)	28,420
Reclassification of fixed assets	-	(129,251)	-	-		-	-	(129,251)
Loss on Disposal of Fixed assets	-	-	-	-	(46)	-	-	(46)
Gain on Merger with MECO (note 24)	753,290	-	-	-	266,044	73,934	-	1,093,268
Deficit on Defined benefit scheme	-	-	-	-	(51,000)	-	-	(51,000)
Transfers	(750,417)	-	831,444	76,542	(157,569)	-	-	-
Balance at 30 September 2017	**1,013,487**	**-**	**1,489,437**	**570,294**	**499,000**	**1,040,020**	**211,996**	**4,824,234**
Income / Expenditure for year	(6,763)	-	(222,686)	(63,783)	(109,792)	88,742	-	(314,282)
Unrealised gain/(loss) on investments	-	-	-	-	10,555	-	(5,347)	5,208
Transfers	-	-	154,655	(207,477)	84,732	(31,910)	-	-
Balance at 30 September 2018	**1,006,724**	**-**	**1,421,406**	**299,034**	**484,495**	**1,096,852**	**206,649**	**4,515,160**

19 Funds (continued)

Unrestricted funds:

The Asset fund is invested in fixed assets, equipment and vehicles and reflects the net book value of the assets held by the charity. The charity suspended its previous practice of providing depreciation of freehold building at the beginning of the 2010 financial year.

The Designated funds represent amounts set aside for the future use of Mission members and includes £395,378 (2017: £421,022) in respect of the voluntary pension payments mentioned in note 21. It also includes £630,290 (2017: £675,290) from the sale of the MECO office property in the prior year less a £45k transfer to SIM Middle East, which the trustees have designated for strategic developments.

The Strategy & Special Project Fund represents amounts set aside for use of the Mission on strategic development and special projects in the UK and overseas.

The charity aims to hold around 6 months of running costs in General Fund. At year end funds were transfered from the Strategy & Special Projects Fund to the General Fund to ensure this. Other transfers from the Strategy & Special Projects Fund were made:

- £33,400 for 125th Anniversary events and promotion;
- £116,923 for Relocation of the office;
- £10,000 for the Evangelical Mission Collaboration Project;
- £2,928 for further legal costs associated with the MECO merger; and
- £15,000 was undesignated from the ENGAGE Project and returned to the General Fund.

The restricted funds include funds for Leprosy & Medical work and other miscellaneous projects, the remainder are funds held for Missionaries under Support Agreements to provide for future expenses.

The restricted funds are comprised of:

	Missionary Support	Leprosy Fund	Overseas Projects	UK Projects	Total funds
	£	£	£	£	£
Balance at 30 September 2017	945,113	10,157	50,688	34,062	1,040,020
Net movement in fund	57,679	(5,015)	(3,691)	7,859	56,832
Balance at 30 September 2018	**1,002,792**	**5,142**	**46,997**	**41,921**	**1,096,852**

The Endowment fund comprises a legacy received on which interest income is transferred to the restricted fund to be used for SIM Dental ministries.

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total Funds £
Tangible Fixed Assets	994,752	-	-	994,752
Intangible Fixed Assets	11,974	-	-	11,974
Investment Property	-	-	-	-
Investments	520,114	-	206,649	726,763
Current assets	2,228,537	1,096,852	-	3,325,389
Current liabilities	(453,066)	-	-	(453,066)
Long term liabilities	(90,652)	-	-	(90,652)
	3,211,659	**1,096,852**	**206,649**	**4,515,160**

21 Pension costs

The pension charge represents contributions payable by the charity to pension schemes and amounted to £76,241 (2017: £67,438).

Defined contribution pension scheme

The charity contributes to two defined contribution pension schemes for staff. The assets of the schemes are held separately from those of the charity in independently administered funds.

The pension cost charge represents contributions payable by the charity to the pension schemes and amounted to £76,241 (2017: £67,438). Contributions payable to the pension schemes at the year end amounted to £NIL (2017: £NIL).

Discretionary Supplementary Allowances

As explained in note 8, the payments of discretionary supplementary allowances do not represent a binding agreement. If funds are available through charitable giving then discretionary supplementary allowances will be paid but there is no contractual obligation to make these payments by the charity. In the opinion of the directors this does not constitute a constructive obligation under Financial Reporting Standard 102 and no additional disclosure is therefore required.

TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	30 Sept 2018 (£000s)	30 Sept 2017 (£000s)	30 Sept 2016 (£000s)
Present value of provision	106*	120	134

* During the prior year, at 30 September 2017, the Directors accrued an estimate of the year end accrual based on the first draft of the 2017 triennial pension report. No further adjustment was required during the year ended 30 September 2018.

Reconciliation of opening and closing provisions

	Period Ending 30 Sept 2018 (£000s)	Period Ending 30 Sept 2017 (£000s)
Provision at start of period	120	134
Unwinding of the discount factor (interest expense)	1	2
Deficit contribution paid	(14)	(14)
Remeasurements - impact of any change in assumptions	(1)	(2)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	106	120

Income and expenditure impact

	Period Ending 30 Sept 2018 (£000s)	Period Ending 30 Sept 2017 (£000s)
Interest expense	1	2
Remeasurements – impact of any change in assumptions	(1)	(2)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid	14	14

Assumptions

	30 Sept 2018 % per annum	30 Sept 2017 % per annum	30 Sept 2016 % per annum
Rate of discount	1.76	1.52	1.15

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

22 Other financial commitments

At the year end the charity was committed to making the following payments under non-cancellable operating leases in the coming year:

	2018 £	2017 £
Operating leases expiring under 1 year	2,692	3,454
Operating leases expiring within 1 to 2 years	3,434	7,193
Operating leases expiring within 2 to 5 years	-	-
	6,126	**10,647**

23 Post balance sheet events

There are no post balance sheet events.

24 Merger with MECO UK & Ireland

As explained in the Directors' report, MECO UK & Ireland merged with SIM International (UK) on 1st October 2016.

The 'merger' was accounted for in the prior year using the acquisition method as this follows the substance of the transaction.

The assets and liabilities transferred were:

	£
Fixed assets (at fair value)	753,290
Stock	745
Debtors	5,654
Cash and cash equivalents	401,126
Current liabilities	(67,547)
	1,093,268

Represented by:

	£
Unrestricted funds	266,044
Asset funds	753,290
Restricted funds	73,934
	1,093,268

25 Statement of financial activities – Comparatives

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Endowment Fund 2017 £	Total Funds 2017 £
Incoming resources				
Incoming resources from general funds				
Voluntary income:				
Donations and similar income	881,992	3,061,588	-	3,943,580
Legacies	159,012	5,000	-	164,012
Interest and investment income	43,350	7,719	-	51,069
Other incoming resources	44,681	-	-	44,681
Total incoming resources	**1,129,035**	**3,074,307**	**-**	**4,203,342**
Expenditure on Raising Funds	141,549	-	-	141,549
Expenditure on Charitable activities				
Missionaries	10,002	2,280,946	-	2,290,948
Ministry	187,106			187,106
Projects		748,641	-	748,641
Services for Missionaries	410,655	-	-	410,655
Mobilisation	525,813	-	-	525,813
Total resources expended	**1,275,125**	**3,029,587**	**-**	**4,304,712**
Net Income/expenditure before investment gains	**(146,090)**	**44,720**	**0**	**(101,370)**
Reclassification of fixed assets	(129,251)			(129,251)
Loss on disposal of fixed assets	46	-	-	46
Net Gains/(losses) on investments	40,401	-	11,981	28,420
Gain on Merger with MECO	1,019,334	73,934	-	1,093,268
Deficit on defined benefit pension scheme	51,000		-	51,000
Net movement in funds	**(733,348)**	**(118,654)**	**(11,981)**	**840,021**
Fund balances brought forward	2,838,870	921,366	223,977	3,984,213
Fund balances carried forward	**3,572,218**	**1,040,020**	**211,996**	**4,825,234**