



Scripture Union

Year in review

Trustees' annual report &
financial statements

YEAR ENDED
31 MARCH
2018

Go everywhere and announce the message of
God's good news to one and all

Mark 16:15 (MSG)

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Report of the Trustees (incorporating the Directors' Report and Strategic Report) for the year ended 31 March 2018

The Trustees are pleased to present their annual directors' report and financial statements of the charitable company for the year ended 31 March 2018 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 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 and advisers

| | | |
|--|--|--------------------------------------|
| Status | Scripture Union is a charitable company limited by guarantee. It is governed by its Articles of Association which were adopted with effect from 1 October 2009 | |
| Registered name | Scripture Union (also known as 'SU', 'SU England and Wales' and 'Scripture Union Cymru') | |
| Charity registration number | 213422 | |
| Company registration number | 00039828 | |
| Country of incorporation | England and Wales | |
| Principal & registered office | Trinity House, Opal Court, Opal Drive, Fox Milne, Milton Keynes MK15 0DF | |
| Trustees | Mr Keith Civval | Chairman |
| | Mr Derek Adams | Treasurer |
| | Mr Clive Beard | |
| | Mr Richard Godden | <i>(Appointed 19 July 2018)</i> |
| | Mr Stephen Hallett | |
| | Mrs Stephanie Heald | <i>(Resigned 24 May 2017)</i> |
| | Ms Kim Hurst | <i>(Appointed 20 September 2017)</i> |
| | Rev Dr Edward Scrase-Field | |
| | Mrs Clare Walker | |
| | Mr Timothy Warren | |
| Leadership Team | Mr Terence Clutterham | Mission Innovation Director |
| | Rev Timothy Hastie-Smith | National Director |
| | Mrs Keren Mallinson | Mission Development Director |
| | Mr David Thorpe | Managing Director |
| Company Secretary | Mrs Susan Winning | |
| Bankers | HSBC Bank PLC, 4th Floor, 3 Temple Quay, Bristol BS1 6DZ | |
| Solicitors | Potheary Witham Weld, 70 St Georges Square, London SW1V 3RD | |
| Auditor | Grant Thornton UK LLP, Victoria House, 199 Avebury Boulevard, Milton Keynes MK9 1AU | |
| Investment advisers | Rathbones Investment Management Limited, 8 Finsbury Circus, London EC2M 7AZ | |
| Insurance brokers | Zurich Municipal, 2 Gladiator Way (N2), Farnborough, Hants GU14 6GB | |

Introduction

For Scripture Union (SU), our Jubilee year was a time of prayerful celebration and deep gratitude to God for his continued faithfulness over the past 150 years. It was also a time of rigorous self-examination before the Lord as we asked: 'are we remaining faithful to our calling?' This has been a truly enriching process and has taken us on a journey that we little expected to travel. Yet, five years ago we prayed that we might enter our Jubilee year listening to and waiting upon God, not knowing where that would take us. God heard and answered that prayer! There were, of course, particularly memorable and exciting moments:

- the National Conference in March 2017 (*see page 6*)
- nearly 4,500 people signed up to the 95 Campaign, the core vision of the Jubilee year (*see page 5*)
- 188 new missions reaching more than 15,700 children and young people (*see page 7*)
- the day of prayer on 2nd June (SU's actual birthday) (*see page 6*)
- grants totalling more than £150,000 made to stimulate local outreach initiatives (*see page 7*)
- launch of the new SU website and branding (*see pages 7-8*)
- growth in mission around *Diary of a Disciple* and *Guardians of Ancora* (*see pages 7 and 9*)
- the Global Assembly in Malaysia (*see page 9*)
- the Service of Thanksgiving in December, attended by Her Majesty Queen Elizabeth II (*see page 6*)

The year began with the launch of the 95 Campaign (*see page 4*) and the whole Movement embracing the vision behind it. At the conference, and through the regional and content creation teams' total ownership of the vision, an overwhelming desire and energy was unleashed for sharing the love of Jesus with children and young people outside the church (the 95%).

As our calling became clearer and more focussed, so did the enormity of the challenge we had set ourselves. This led to the formulation of a series of questions that require urgent answers:

- Since, self-evidently, we cannot reach the 95% (around 12 million children and young people) on our own, even if we could quadruple our staff team and use all the latest digital means, how is the WHOLE church to engage in reimagining mission and reaching the 95%?
- What are the dramatic changes of approach required to move the view of mission from 'come and join my club' to 'this is all God's creation where he is already present, so how are eyes to be opened to this reality?'
- What kind of Church will emerge if the 95% begin to respond to the love of Jesus?
- How are Christian workers and leaders to be retrained and resourced, to free them of the narrow preconceptions that daily make them (us) less effective in reaching the 95%?

Two pictures spring to mind that illustrate the challenge: early in 2017 I visited the vast temple complex of Siem Reap in northern Cambodia. It contains classic temples where courtyard after courtyard (each one accessible to fewer and fewer people) lead to a great tall building accessed by many steps, eventually leading to a little room where 'the god' lives. In many ways we, the church, have created our structures to imitate this pagan view of God Almighty. He is hidden in the heart of our buildings which can be accessed and mediated only by certain people at certain times of day. Our message is too easily: God isn't out there in his world; he's in here, in our box; if you want to meet him come to us. We own and manage the God franchise.

The second picture is of the bridge, used so effectively by John Stott in *I Believe in Preaching* (2014, Hodder & Stoughton) to describe the work of the Christian teacher: the bridge needs to be anchored securely at both ends if we are to communicate God's truth to God's world effectively and honestly. Too easily the Christian worker gets trapped in a Christian bubble and loses the ability to either understand or engage with God's world.

In making these observations, I point the finger not at others, but at ourselves. These are challenges SU needs to rise to, not criticism to wriggle out of! They are the mountains that we need to climb 'if the earth is to be filled with the glory of God as the waters cover the sea'. Huge challenges. Vast opportunities. The journey continues full of hope, excitement and faithful determination.

Rev Tim Hastie-Smith
National Director

Aims, objectives and activities

Aims

Working with churches, SU aims to make God's good news known to children, young people and families, and to encourage people of all ages to meet God daily through the Bible and prayer so that they may come to personal faith in our Lord Jesus Christ, grow in Christian maturity and become both committed church members and servants of a world in need. We work to fulfil these aims as effectively as possible with the resources that God gives us.

Our **vision** is for a new generation of children and young people who have a vibrant, personal faith in Jesus.

Our **mission** is to create opportunities for children and young people to explore the Bible, respond to Jesus and grow in faith.

Our **priority** is to reach those who don't yet know Jesus.

Underpinning everything that we do is the *Bible*: God speaks to us;
prayer: God changes us;
relationship: God works through us;
and *mission*: God involves us.

In all our work, we aim to *care*: we're here to understand struggles faced by children and young people, so if they ask for help, we can give it;
to *share*: we're not here to tell children and young people what to think, but to offer a valuable Jesus-centered perspective if they need it; and to *empower*: we're here to help children and young people discover answers in their physical and spiritual life, so that they can thrive, not just survive.

Main objectives for the year and our strategic plan

The Trustees confirm that they have referred to and have given due regard to the Charity Commission's guidance on public benefit when reviewing the charitable company's aims and objectives and when planning future activities. The following pages highlight just some of the ways in which God has been at work through SU to deliver public benefit in the past year as we have continued towards achieving our strategic goals.

As set out in the Movement's Strategic Plan, we sought, from April 2017, to fulfil our long-term vision by pursuing the following primary objectives:

- Increase awareness of SU's mission, recruit new supporters and mission partners and promote further opportunities to engage with the Movement.
- Deliver Jubilee events – lectures, prayer walk, service of thanksgiving and international celebration.
- Run 150 new mission events.
- Develop movement-wide innovative and missional content to help reach and engage the estimated 95% of children and young people who are not in church.

The 95 Campaign

Going to where the children are but the gospel isn't

It's estimated that 95% of children and young people in England and Wales aren't in church. So how are all those children going to hear the good news of Jesus? We certainly can't wait for them to step through our church doors. We need to step out and take the good news to them – to meet them where they are!

Reaching those beyond the church has always been an important part of SU's mission but in 2017, as we celebrated our 150th anniversary, we made it our number one priority – and continue to do so. By doing so, we're also facing a big challenge...how do we share the good news with the next generation? How do we connect with those for whom the gospel is likely to be an alien concept?

The 95 Campaign is all about gathering, equipping and encouraging those with a heart for the estimated 95% of children and young people not regularly in church, so that we can learn and share together and, ultimately, become more effective in this vital mission. Together, we can raise this issue up as a priority throughout churches in England and Wales and help ensure today's children and young people have the opportunity to hear and to relate to the good news of Jesus.

More information can be found at www.the95.org.uk

Strategic report

Review of activities and performance during the year

The focus of all of SU's activities is on sharing the good news of Jesus Christ with children and young people in the belief that the gospel is life-transforming and life-enhancing. It is our conviction that the gospel has a positive impact on individuals who, in turn, have a positive and transformative impact on their families and communities.

Volunteer involvement

SU is at heart a volunteer movement. Volunteers bring action to the Movement, are a rich source of information about the contexts in which they live and are instrumental to the formation of our strategy. They give their time, skills and enthusiasm in a variety of ways – the vast majority in direct mission activity. Many work in unseen ways, but during the year there were 3,200 known opportunities for volunteer involvement – the equivalent of 6,636 working weeks, or 141 full-time staff. Without this body of volunteers, which included 2,045 individuals who volunteered on one or more of SU's holidays, missions or national events, a vast amount of the Movement's mission activity simply would not happen and we pay tribute to their commitment and generosity in giving their time. Of the volunteer opportunities, 35 were concerned with governance of the Movement (for example, the trustees and members of Council) and therefore could not be filled by staff. These contributed the equivalent of an estimated 42 working weeks.

In addition, our local mission partnership programme involves many hundreds of volunteers supporting 130 workers employed by 73 trusts (*see Note 4 to the financial statements, page 27, for an outline of our local mission partnership programme*).

The majority of opportunities for volunteer involvement are connected with events, but a growing number of volunteers are becoming involved in regional and national initiatives, some of which are outlined in the following pages of this Report. In addition, two people worked with us during the year as part of our 10:2 leadership development (young leader) programme.

We have not included in our financial statements the value that volunteers bring through the time which they dedicate to the mission of the Movement, but we thank God and we thank each one of them for it all.

Monitoring achievement

The Trustees place great importance on ensuring that progress made in achieving the Movement's strategic objectives is measured and monitored appropriately. Key performance indicators are identified for each of the Movement's objectives and, alongside relevant commentary, form the basis of a quarterly progress report: the Mission Update. The Mission Update is reviewed by the Leadership Team and the Board before being circulated to members of Council and the full staff team. In addition, detailed monitoring and evaluation of activities, projects and programmes takes place on an ongoing basis by the relevant teams.

Campaign communications

The 95 Campaign (*see page 4*) has been successful in asserting our key message and has helped to focus our thoughts and activities as a movement, as well as our communications in general. It has been central in enabling us to *increase awareness of SU's mission, recruit new supporters and mission partners and promote further opportunities to engage with the Movement*.

During the year, nearly 4,500 people signed up to the 95 Campaign. Of these, more than 40% were new to the SU database – demonstrating the increasing awareness and impact of the Campaign – and many of these have become donors, volunteers or customers. Regular updates are sent by email to those who have signed up.

The 95 Campaign (and SU) received widespread and positive media coverage: the official opening of the national office (*see page 6*), the launch of the Campaign, Light parties, the Christmas appeal and a BBC *Songs of Praise* episode (*see page 6*). Coverage included television, national newspapers, Christian radio and Christian newspapers and magazines.

The 95 Community Facebook group was launched in May 2017 as a forum to share information, tips, questions, answers, content ideas and motivation on how best to share the good news of Jesus with the 95% of children and young people not in church in England and Wales. The group gained more than 600 members in its first year and is continuing to grow.

Opportunities to further communicate our key message throughout the coming year will arise through movement-wide all-year-round campaigns such as *Jumpers for Goalposts* (football World Cup resources) Light Parties and delivery and promotion of the 95 Campaign promotional film launched in June 2018.

Jubilee talks and events

The year 2017 marked the 150th anniversary of SU's ministry and we celebrated this Jubilee year in a way which was appropriate and honouring to God. Our aim to *deliver Jubilee lectures, a prayer walk, service of thanksgiving and an international celebration* was achieved. These events, together with the formulation and constant reiteration of the vision behind the 95 Campaign (*see page 4*), pointed us in a single powerful direction that we believe both honours God and is faithful to the vision of Josiah Spiers (SU's founder).

Members of the SU family gathered in March 2017 for a National Conference. A highlight was the 'Back to the Beach Ball' dinner attended by the Bishops of both Gloucester and Durham.

The new national office in Milton Keynes was opened officially in April by HRH Prince Edward, Earl of Wessex. We had the pleasure of presenting Prince Edward with two copies of SU's award winning *Diary of a Disciple* for his son and daughter.

SU volunteers, supporters and staff gathered for a day of prayer and celebration on 2nd June (SU's actual birthday). The church service and prayer walks were live-streamed and watched by many SU family members around the world.

In September, we held a Jubilee Fun Day. Past and present holiday and mission leaders, teams, their families and other SU supporters joined together for a day of fun and celebration.

In December, it was an honour to welcome Her Majesty the Queen to the last event of our Jubilee Year – a Thanksgiving Service held at St Mary's Islington, close to where Josiah Spiers held the first meeting in 1867 of what would become SU. The service included special guests, supporters and staff from around the world. We celebrated all that God has done in the lives of thousands of children through SU's ministry and prayed for his continued blessing and guidance in the years to come. The congregation sang a hymn written by Bishop Timothy Dudley Smith especially for SU's 150th anniversary, appreciated the All Souls orchestra under Noel Tredinnick, rejoiced at the inspiring singing of the children of St Mary's Church of England School and enjoyed Artless Theatre Company's 'History of SU'. The service formed the basis of an episode of BBC's *Songs of Praise* which was aired in January 2018.

Guests at the Service of Thanksgiving included representatives from SU in Canada, Ghana, Jamaica, Nepal and Rwanda. A reception was held afterwards which provided an opportunity for those attending the service to speak with our international guests and to become better informed about SU's work around the world.

A series of six thought-provoking online lectures seeking to address some of the big questions in children's and youth work was made available. The number of viewings was lower than anticipated and consideration has been given to how more could be made of such opportunities in the future.

150 new mission events

Working together with our mission partners, we aimed to *deliver 150 new missions events* to reach the 95% of children and young people who are not in church. Our expectations were exceeded: 188 mission initiatives ran, reaching more than 15,700 children and young people. Of these, 85% were not connected to the church. These new missions were incredibly diverse, from an afternoon with a few children on a beach to a weekend residential with hundreds of children and young people.

Overall, delivering these mission initiatives has had a profound effect on the mission focus of SU. Detailed work is taking place to identify the types of mission activity which will be repeated or replicated in the coming year.

When we launched the 95 Campaign (*see page 4*), we knew that the task of sharing the good news of Jesus was something that we couldn't do by ourselves. We wanted to equip and resource local churches and mission partners to go out into their community and share the good news of Jesus and so launched the Good News Fund. This Fund provides funding for those passionate about taking the good news to where children and young people were but without the resources to do so. The overall take-up was pleasing (after a slow start), with 56 grants totalling more than £150,000 made during the year. Initiatives funded ranged from family outreach events to youth cafes, a surfing and skateboarding ministry and even a local bus project. The impact of each of the initiatives funded is being assessed and this will continue into the coming year.

We made our supporters aware of the vision behind the Good News Fund and were encouraged that so many responded and made donations totalling £119,000 to the Fund (*see Note 13 to the financial statements, page 30*). The need to resource local initiatives is ongoing, as evidenced by the number of applications for funding received during the year being in excess of the funds available. We are delighted, therefore, that the Fund has been opened for applications for a further year and we will be looking once again to the generosity of supporters and others to contribute financially towards the Fund.

Digital discovery

Our aim during the year was for *Movement-wide development of innovative, missional content to help reach and engage the 95% of children and young people outside the church.*

The Mission Innovation staff team was put in place during the year and the team's role in creating and curating innovative, mission-focused content, both digital and print, was firmly established.

During the year, content was developed for the children and young people of the 95%, for those who work with the 95% and to inspire the SU community. The availability of some of our time-honoured content such as Light, WordLive and Bible-reading guides has continued and new content, such as output based on *Diary of a Disciple* and *True Story*, has proved popular.

A Creative Collective of volunteers gathered residentially in February 2018 to start work on content for new missional resources to help churches reach and nurture the 95%. This content began to populate the Resource Centre of the website from May 2018, as planned.

The mission around *Guardians of Ancora*, SU's award winning Bible game app for 8- to 11-year olds, has continued to grow encouragingly both in terms of numbers of players and face-to-face mission models. Around 1,600 copies of the *Running Guardians of Ancora Clubs in Schools* free resource have been downloaded. The majority of children coming to the clubs have no Christian-faith background.

Underpinning operational approaches

To support the key aims and objectives outlined above, we continued to develop and implement the following mission approaches during the year:

New website and branding – The launch of the new SU website and corporate identity in August 2017 helped us to achieve our aim of *delivering a digital infrastructure that supports and grows our mission and activities*. Our intention is for the site to be much more than a website: it will be a

stimulus to mission – equipping, supporting and encouraging those who are engaged in sharing the good news of Jesus with children and young people. The two years of work leading up to the launch also became the catalyst for mission transformation in SU, as we increased our understanding of our audiences and became clear about our purpose.

Some elements of the project, such as a new events module, were put on hold after technical delivery delays. Alternative options for these elements are being evaluated.

Regional and residential – We aimed to *share the good news of Jesus with children and young people; enable, equip and inspire adults; and facilitate children and young people to join God's mission* and all major milestones were substantially completed.

Guest bookings on holidays which ran in 2017 were 7% higher than in 2016. Bookings for the 2018 programme opened in December.

The exploration of child and young people faith formation and development models took place and the analysis of this is now substantially complete. It is recognised that greater practical understanding is required of the faith formation and development journey of children and young people who have 'travelled' from being one of the 95% to having an active faith in Jesus.

Published resources – In February 2017, strategic changes were announced that aligned SU's content creation and distribution with our focus on the 95% of children and young people outside of the church. The implications of this change on staff roles and product ranges were worked through during the year. In addition, we aimed to *secure mission and financial value from published resources backlists*. The Lifebuilder series was sold to Inter-Varsity Press (IVP) and the Bible Friends series to SPCK. The sell-through of other published resources that are not being retained by SU was completed in December 2017. Remaining stock was donated to Operation Mobilisation Ships.

Expenditure on publishing activity during the year totalled £2,892,000 (2017: £3,188,000). Of this amount, £1,137,000 (2017: £1,261,000) was spent on digital publishing, which includes *WordLive*, *LightLive*, *SchoolsLive* and *Guardians of Ancora*, and £1,755,000 (2017: £1,927,000) was spent on conventional publishing activities, including a relevant proportion of project costs. With the benefit of the above sale and sell-through activity, good sales of the *Diary of a Disciple* books and a slower-than-budgeted decline in *Light* sales income, income from publishing sales and royalties totalled £1,710,000 (2017: £1,655,000). This resulted in an overall deficit for conventional publishing of £45,000 (2017: deficit of £272,000). (*See statement of financial activities, page 20.*)

Mission resourcing – We aimed to *resource mission through maintenance of the existing fundraising programme, diversification of income streams and growth of support in both categories*.

Unrestricted gift income grew slightly to £1,793,000 (2017: £1,776,000). Restricted income reduced by 32% to £893,000 (2017: £1,307,000), primarily due to anticipated reductions in the level of restricted income received for *Guardians of Ancora* and reduced levels of Google AdWords grants received. However, we were delighted to raise additional restricted income of £119,000 to resource mission through the Good News Fund (*see page 7*). We had another strong year for legacy income with £1,569,000 (2017: £1,911,000) received. (More details are included in the *fundraising performance* section below, *page 12*, and in Note 3a to the financial statements, *page 25*.)

Work towards further income diversification and growth has continued to offset historical declines in income in some areas. The fundraising and regional teams have piloted new approaches to secure financial support from church and community relationships and have agreed targets for the coming year. Our clearly presented mission focus and new website and digital communication tools facilitated a 25% rise in online giving which amounted to £196,000 (2017: £156,000).

We do all we can to ensure that our holidays are affordable for most people and we already subsidise the costs. However, we receive multiple requests each year for financial support from children whose families cannot afford for them to attend. To increase our ability to provide financial assistance for those who need it, we launched the SU Holiday Fund in December 2016. During the year, donations

totalling £51,000 were given to this fund which enabled 130 children to receive funding to enable them to come on an SU holiday.

We are thankful to each and every donor who supported SU's mission financially during the year, whether they gave for the first time or have been supporters for many years.

Support processes – During the year we aimed to *provide and develop high quality, cost-effective and customer-focused financial, technical, facilities and HR support to the Movement.*

Improvements have been made to provide increased security against computer fraud. Health and safety procedures for events have been updated to reflect best practice and similarly the business continuity plan has been improved.

Global mission – There are over 130 SU movements around the world working in around 120 countries, all of which are united by Scripture Union's aims, belief and working principles. Each national movement is independent and seeks to work through local people in ways that are appropriate to the national culture. In most movements, the number of staff is very small compared to the number of their volunteers.

Globally, SU staff and volunteers pray for and support each other, share ideas and resources and have joint projects and publications. Extended partnerships have also been established between countries to provide additional support and funding.

Our aim during the year was to *maximise mission impact from the funding of SU mission development globally.* It had been our hope that our Jubilee year would be marked by a significant grant to different global movements who were also seeking to share Jesus with children and young people outside of the church. Unfortunately this project was difficult to implement for a number of practical reasons but it is anticipated that grants for the same purpose will be made in the coming year.

The Global Assembly took place in Kuala Lumpur, Malaysia, in November 2017 and was attended by representatives from nearly all SU global movements, including the oldest (England and Wales) and the youngest (Timor Leste). Members of SU in England and Wales were involved in important discussions around mission through sport, young leader development, digital content and different styles of mission events. SU movements appreciated our clear articulation of the importance of focussing on sharing the good news of Jesus with children and young people outside of the church.

There is growing interest from other SU movements in translating *Guardians of Ancora* for use in sharing the good news of Jesus with children and young people and the first two language versions were launched during the year: *Arwyr Ancora* in Welsh (May 2017) and *Čuvari Ankore* in Serbian (January 2018). In addition, work is underway on a Portuguese version for Latin America and we hope to begin work with SU India in the near future on Tamil and Hindi versions.

SU in England and Wales gives an agreed percentage of our gift income and unrestricted legacies to other SU movements around the world and grants approved during the year totalled £139,000 (2017: £208,000). Amongst the projects supported were sports mission in Rwanda, a building project in Croatia and purchase of equipment for SU Albania to run *Rojet nga Ankora* (*Guardians of Ancora* in Albanian) mission events. In addition, we receive gifts from our supporters which we use to make grants to support ongoing SU mission and specific SU projects in other parts of the world and grants this year totalled £161,000 (2017: £196,000) (*see the Statement of financial activities, page 20, and Note 4 to the financial statements, page 26*).

Plans for next year and beyond

As set out in the Movement's Strategic Plan, updated in April 2018, our overall aim for the next year is to grow the reach and impact of SU's mission activity.

To achieve this, we will focus on the following primary objectives:

- Inspire and work in partnership with SU supporters, volunteers and the wider church and Christian community to engage with the 95% of children and young people not in church

- Carry out research and evaluation to develop thought leadership for engaging with far more children and young people who are not in church
- Pioneer, develop and multiply opportunities for children and young people to explore the difference Jesus can make to the challenges and adventures of life
- Develop ways to substantially increase our capacity (people and finances) for engaging with the 95% of children and young people who are not in church
- Develop the required culture, capabilities and characteristics to pursue the vision and priorities of the Movement
- Ensure ongoing digital transformation of our thinking and activity
- Support and learn from SU movements globally who are working with children and young people who are not in church.

We will use funds that have been set aside in our Project and Development Fund (*see Note 13 to the financial statements, page 30*) in pursuing these objectives, including around £335,000 for developing opportunities for children and young people; £280,000 for digital transformation; £75,000 for inspiring others; £45,000 for thought leadership; and £20,000 for increasing capacity (*see reserves policy section below for more information*).

Financial review

Financial position

SU's mission activity has continued, and in some areas grown, thanks to God's faithfulness and the financial resources provided by our supporters. We had an overall deficit of £641,000 compared to a surplus of £298,000 in the previous year. This had been anticipated due to planned expenditure from the Project and Development Fund (PDF). Our balance sheet remains healthy with total unrestricted funds of £6,336,000 which includes £2,090,000 in the PDF, total restricted funds of £224,000 and total endowment funds of £715,000 (*see Note 13 to the financial statements, page 30*). We expect to spend the PDF reserves over the next two years as we continue to undertake projects aligned with our Strategic Plan (*see the reserves policy section below for further details*). Overall financial deficits are anticipated again in these years as the PDF reserves are progressively spent.

Total gift income, including restricted gift income but excluding legacies, amounted to £2,686,000. This represents a 13% reduction from £3,083,000 in the previous year. It includes gifts of £161,000 for SU activity overseas. Annual unrestricted legacy income remained high, despite reducing from £1,887,000 in the previous year to £1,568,000 including that accrued at the year-end. Further details are included in the fundraising performance section below (*page 12*). Holidays and mission income rose by 5% to £573,000. Publishing sales and royalties income increased by 3% to £1,710,000, partly due to final sales of discontinued product lines.

Total income at £6,663,000 was £697,000 lower than in the previous year, whilst total expenditure of £7,366,000 was similar to the previous year.

For the 2018–19 financial year, the Trustees aim to continue to spend down reserves in line with our reserves policy (*see below*) and, as such, have budgeted for General Fund expenditure that exceeds income by around £300,000. In addition, expenditure of around £885,000 from PDF reserves is planned, with a further £670,000 anticipated for 2019–20.

Reserves policy

The level of required reserves is reviewed annually as part of the process of budget preparation for the following year to ensure that it remains relevant to SU's current and future position. It is also included within monthly financial reporting for review by the trustees throughout the year.

The Trustees have reviewed the Movement's needs for reserves in line with the guidance issued by the Charity Commission. Factors taken into account include the need to cover fluctuations in gift and legacy income, level of debtors and unforeseen and critical expenditure requirements.

The Trustees consider it prudent to set the target level of General Fund reserves retained by the Movement at between three and six months of unrestricted normal ongoing charitable expenditure. At 31 March 2018, the General Fund stood at £2,400,000 (2017: £2,332,000) which represents 5.7 months (2017: 5.8 months) of ongoing unrestricted charitable expenditure for the Movement based on the 2017-18 financial statements. In addition to the General Fund, the trustees have set aside designated funds as described below and in Note 13 to the financial statements (*page 30*).

The level and timing of legacy income is uncertain and legacy income continues to be budgeted at a conservative level. Legacy income received above the budgeted level may be used to add to designated reserves within the Project and Development Fund (PDF) (*see Note 13 to the financial statements, page 30, for more information*). Spending from the accumulated reserves in the PDF covers the investment cost of a range of significant one-off development initiatives to grow the scale and impact of SU's mission activity. PDF expenditure in the year totalled £1,377,000 (2017: £1,077,000) and was used for *Guardians of Ancora* (online children's Bible engagement), the digital transformation project, mission through sport, additional development workers and other regional and residential mission developments. The total amount expended was lower than had been planned due to deferment of work on a new events management system and supporter database. The balance of the Fund at 31 March 2018 was £2,090,000 (2017: £2,967,000) following the transfer of £500,000 (2017: £1,204,000) from the General Fund which had been boosted by a high level of legacy income (*see Note 13 to the financial statements page 30*).

PDF funds are set aside to grow SU's mission scale and impact and the Trustees have plans in place to expend the PDF reserves over the next two years. In line with our objectives for next year (*see pages 9-10*), we plan to spend an estimated £690,000 on developing opportunities for children and young people, £480,000 on digital transformation, £125,000 on research and evaluation, £150,000 on inspiring others and £150,000 on completing the mission transformation programme.

Continuing investment in mission development projects is needed and additional funding will be sought from major donor and trusts.

Principal funding sources

SU relies substantially on voluntary income to fund our activities. Other income shown in the statement of financial activities (*see page 20*) includes sales of publications and fees for holidays, training and other events. When setting a price for our paid-for events and published resources, appropriate consideration is given to how we can both maximise mission benefit and avoid pricing being a barrier to participation and partnership. We receive no funding from the government or other statutory bodies, nor from the National Lottery.

Fundraising review

Fundraising approach

SU aims to build strong, respectful and transparent relationships with our financial supporters. It is only through the generosity of individuals, churches and trusts that our work is possible. In turn, we know that charitable giving is an important and positive part of our financial supporter's lives. We are therefore committed to achieving the highest standards in our fundraising and communication with supporters.

Giving to SU should be a positive experience and our approach to fundraising is driven by the following principles: we relate what God is doing through SU with accuracy and honesty, with integrity and without any sensationalising. We avoid methods which are manipulative, we emphasise dependence on God and we strive to be good stewards of the resources given to us. We ensure that anyone involved in our fundraising activities is aware of and abides by these principles.

We have an in-house fundraising team which is assisted, when required, by the services of fundraising consultants. We did not have any relationships this year with professional fundraisers or commercial participators. We are registered with the Fundraising Regulator and we endeavour to meet the high standards promoted by their Fundraising Practice by ensuring our activities are open, fair, honest and legal. Over the last year we have been working towards compliance with the General Data Protection Regulation (GDPR) which came into effect in May 2018. We ensure that staff are fully trained and understand their responsibilities in their respective areas.

We take pride in treating the wishes of our donors and their privacy with the utmost respect. We contact supporters in the ways that they prefer, adapting them as needed. Supporters can change their preferences at any time and we will not contact them if they ask us not to. We never share names, addresses or other personal information with third parties for charity, commercial or fundraising purposes.

We genuinely appreciate feedback from supporters and the public and we review our fundraising activities in light of feedback and complaints we may receive. During the year there were a total of six complaints relating to our fundraising activity.

Fundraising performance

Income received as a result of the managed fundraising programme grew during the year. However, the expected £210,000 reduction in gift income restricted for development of *Guardians of Ancora* and the £230,000 reduction in Google AdWords grants resulted in the overall income received from donations during the year falling by £397,000 from £3,083,000 to £2,686,000. Donations came predominantly from individual supporters (90%) – income from this group grew by over 5% against the previous year – with the balance being received from churches (6%), trusts (2%), and other sources (2%).

Legacies of every size are vital to the ongoing work of SU. A number of large legacies contributed to income received from legacies during the year totalling £1,569,000. Whilst this was below the £1,911,000 received the previous year, legacy income for these years significantly exceeded our expectations and the previous five-year average of £1,251,000.

The cost of raising funds during the year decreased from £710,000 to £652,000 (see *Note 4 to the financial statements, page 26*).

We place a high priority on the need to inform supporters of our activities and our magazine *Connecting You* was sent to over 48,000 (2017: 58,000) supporters four times during the year. The decrease in circulation is due to a further rationalisation of the circulation list based on recipients' expressed preferences or their level of engagement with SU as a result of receiving the magazine.

Investment policy and performance

A portion of SU's reserves available for investment has been identified and held as long-term reserves and invested (£2,598,000 as at 31 March 2018). This includes a capital endowment (£715,000 as at 31 March 2018). The remainder is held as short-term reserves to protect capital security and to generate income for charitable purposes. Income from the General Fund portfolio is reinvested whilst income from the Endowment fund is used as restricted income to meet expenditure for the mission work of SU at home and especially for work in schools. The trustees review periodically the level of general reserves and cash flow demands to ensure that the level of reserves available for investment remains appropriate for the Movement.

SU seeks to produce the best financial return within an acceptable level of risk. Since July 2016, the investment objective for the long-term reserves has been to outperform a benchmark comprising 75% FTSE-All Share index Total Return, 20% UK Gilts All Stock Total Return and 5% FTSE All UK Property index. From 1 January 2018, FTSE ceased to calculate their Property Index so a 5% weighting to the Investment Association Property Total Return Index is now used. Rathbones, our investment managers, continue to manage our investment portfolio against the agreed benchmark.

SU is reliant on fundraising and donations for its mission activities. Investment assets are held as reserves. The key risk to long-term reserves is inflation and the assets are invested to mitigate this risk over the long-term. SU aims to diversify its assets through investment in a multi-asset investment fund. Hedge funds and structured products are not permitted.

SU's ethical investment policy specifically excludes companies whose principal business is in armaments, gambling, tobacco or alcoholic drinks. The Trustees are aware that this may have some impact on investment performance.

SU holds a low risk portfolio of bonds, high quality equities and property funds, broadly split 14:83:3 in percentage terms as at 31 March 2018. To the year ending 31 March 2018, our investment report showed that the fund produced a total return (after fees) of +4.26% (2017: +19.63%). This represents an outperformance of the benchmark which rose by +1.36% (2017: rose by +18.51%). As at 31 March 2018, the portfolio yield was +2.49% (2017: +2.32%).

Principal risks and uncertainties

The Movement has risk-management policies and procedures through which risks arising from existing operations and strategic developments are identified and evaluated. The Leadership Team is required to identify risks associated with activities, assess their potential impact and probability of occurrence, and report on procedures which are in place or are being developed to manage the risks. Significant risks are highlighted for consideration and monitoring by the Board and the suitability of the risk review and management process is monitored by the Audit Committee (*see page 16*).

During the year, the leadership team and the trustees carried out detailed reviews of potential reputational, financial, mission and operational risks to the Movement. The major risks to which the charitable company is exposed have been reviewed and systems have been established to manage those risks.

External risks to funding have led to the development of a fundraising strategy which will allow for the diversification of funding and activities. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Security of our IT networks, access control and malware detection minimise the potential risk of a cyber security breach. Procedures are in place to ensure compliance with legislation, regulation, codes of practice and standards. All procedures are reviewed periodically to ensure that they continue to meet the needs of the charitable company.

Criticism, incident or allegation regarding work with children has been identified as a primary risk. Key elements of the management of this risk are safer recruitment processes, regular review of SU's safeguarding policy, clear lines of responsibility and accountability, input from SU's safeguarding advisory group, compliance with externally-set activity standards and regular training and reviews.

Structure, governance and management

Governing document and constitution

SU was established in 1867. It is a charitable company limited by guarantee, incorporated on 28 October 1893 and registered as a charity on 3 January 1966. It is governed by its Articles of Association which were adopted with effect from 1 October 2009.

Objects of the charity

The charitable objects of SU, as set out in the Articles of Association, are to advance Christianity by sharing the good news of our Lord Jesus Christ with people throughout the world. The objects are carried out in particular with, but not limited to, working with churches:

- by making God's good news known to children, young people and families; and
- by encouraging people of all ages to meet God daily through the Bible and prayer so that in each case they may come to personal faith in our Lord Jesus Christ, grow in Christian maturity and become both committed church members and servants of a world in need.

Recruitment and appointment of trustees

The Trustees, in consultation with the Nominations Committee (comprising representatives of trustees, members of Council and staff), originate and maintain necessary policies and procedures for the recruitment, appointment and induction of all new trustees.

Responsibility for trustee recruitment lies with the Chair of Trustees. A selection group, usually comprising trustees and members of Council, is formed as specific needs arise. The group assesses the composition of the Board and pro-actively seeks applications from potential trustees, giving specific consideration to vacancies requiring particular specialist skills.

The Council elects new trustees and re-elects those who have come to the end of their current term of office and who are eligible and nominated for re-election. Trustees, who are also directors of the charitable company for the purposes of the Companies Act, are appointed for a three-year period in accordance with the Articles of Association. After serving a maximum of three consecutive terms of office, a retiring trustee is not eligible to serve any further term of office until at least one year of non-service has elapsed.

The Articles of Association provide for a minimum of six and a maximum of ten trustees.

Induction and training of trustees

All trustees receive comprehensive induction training, information and support to acquire the necessary detail of how the Movement and the Board work, so that they can play a full part in discussion and decision-making.

Every effort is made to broaden trustees' knowledge on an individual level so that they are up-to-date with the whole of the Movement and the Strategic Plan. Where there has not been any previous involvement, care is taken to introduce them to the Movement, with emphasis on the Statement of Aims, Belief and Working Principles and on the Strategic Plan. Participation in induction processes run principally for new staff is encouraged, both for new trustees and by way of a 'refresher'. All new and serving trustees are encouraged to attend or participate in a local, regional or national SU holiday, mission or other event as part of their induction and ongoing development.

Organisational structure

SU follows the Charity Governance Code. The Movement operates a linear organisational structure: Members of the Company appoint trustees who appoint staff for the day-to-day running of the Movement. Members of Council are the Members of the Company.

Trustees – The trustees of SU (*listed on page 2*) have overall responsibility for ensuring the effective and efficient operation of the organisation within company and charity law and the objects of the Movement. Trustees hold the legal responsibility of the Movement and meet with the Leadership Team (*listed on page 2*) as the **Board** four times a year.

Council – Council, whose members are broadly representative of SU's areas of work and community, provides a forum for the development of spiritual vision and discernment of God's leading and advises the Board on the overall direction of the Movement. It has no executive powers and its key responsibilities are to ensure that the Statement of Aims, Belief and Working Principles is applied, to review the progress made towards fulfilling the Strategic Plan and to elect trustees. The Council of up to 36 members (including all Board members) meets for a full-day twice a year.

Statement of trustees' responsibilities

The trustees (who are also directors of Scripture Union for the purposes of company law) are responsible for preparing the Report of the Trustees (incorporating the Directors' and Strategic Reports) and financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting 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 charitable company will continue in business.

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

The Trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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.

Internal controls

The trustees have overall responsibility for the system of financial and other controls of the charitable company and for providing reassurance that:

- its assets are safeguarded against unauthorised use;
- proper records are maintained and financial information used within the charitable company or for publication is reliable; and
- the charitable company complies with relevant laws and regulations.

It is recognised that such a system can provide only reasonable but not absolute assurance against errors and loss. Detailed monthly financial management reports are prepared by the finance team and circulated to the trustees, leadership team and senior management, and are reviewed and discussed at each of the quarterly Board meetings.

The Movement operates a comprehensive annual planning and budgeting process which is approved by the Board. Performance is monitored through the use of activity and financial targets

and reports made to trustees comparing actual results against activity targets and the phased budget.

Sub-committees

The Board has delegated certain tasks to the Audit Committee, comprising trustees and volunteers, which meets regularly and has responsibility for:

- monitoring the integrity of the financial statements;
- reviewing the integrity of the internal financial control and risk management systems;
- reviewing the performance of the internal audit function;
- reviewing the independence of the external auditor and the provision of any non-audit services;
- describing the oversight of the external audit process and how its effectiveness was assessed; and
- explaining the recommendation to the Board on the appointment of the auditor.

In addition, the Nominations Committee, a sub-committee of Council comprising members of Council, representatives of trustees and staff, meets regularly as required and has responsibility for:

- originating and maintaining necessary policies and procedures for the nomination, appointment and induction of all new members of Council;
- helping Council evaluate itself and its work;
- identifying and interviewing potential members of Council for nomination and making recommendations for appointment to Council.

Management and staff

The trustees delegate the operational and day-to-day management of the Movement to the Leadership Team and are thankful to God for a committed staff team who work hard to support volunteers and to advance the aims of the Movement.

Pay policy for senior staff

The members of the Leadership Team (*listed on page 2*) are the key management personnel of the Movement in charge of directing, controlling and operating SU on a day-to-day basis.

Members of the Leadership Team require a breadth and depth of expertise and credibility which requires drawing from the best senior level talent within the Christian community. This is balanced with seeking to keep salary costs under control and ensuring that senior staff pay is connected to the pay of other staff.

The trustees annually review and determine the pay of the Leadership Team with reference to comparable national charities' pay levels (XpertHR Voluntary Sector Salary Survey). The trustees aim to follow the principle that the pay of the highest paid employee is not more than four times the average full-time-equivalent salary of the administrative-level roles within the Movement.

Details of the employment benefits paid to the Leadership Team during the year are included in Note 5 to the financial statements (*page 27*).

Related parties

All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in Note 6 to the financial statements (*page 27*).

Trustees are required to disclose all relevant interests and register them with the Company Secretary and, in accordance with the Movement's policy, withdraw from decisions where a conflict of interest arises.

Grant-making policy and principles

One of the ways in which SU works out its mission is by setting aside a proportion of income and resources each year to make grants to other SU movements and to organisations with a very close association to SU, for example local mission partners (*see page 27*). In addition, we receive gifts from

our supporters which we use to make grants to support specific projects in other parts of the world. We do not fund individuals. The overriding purpose of any grant made is to further SU's mission locally, regionally, nationally or internationally.

Grants are made at the discretion of the trustees and this responsibility is delegated to the Leadership Team. Robust procedures are followed to ensure that consideration and awarding of grants is in line with the principles set out below, and that the quality and timeliness of reporting meets the requirements of SU's Audit Committee (*see page 16*). Grant allocations amounting to £487,000 were made during the year. (*For a summary of grant allocations, see Note 4 to the financial statements, page 26.*)

Since the needs of the SU family are great and available funding is limited, the following principles set out the way in which SU allocates its grants:

- Grants will be of strategic benefit for the growth of SU's mission and used in a manner consistent with SU's Statement of aims, beliefs and working principles.
- Grants will be made only where we are confident that it is possible to ensure that funds will be used for the intended purpose and that the recipient is able to commit to providing appropriate and timely reports on the use of the funds in a manner that meets the requirements of the SU Audit Committee.
- Grants will normally be for start-up, project or emergency purposes that will not create long-term financial dependence. They should therefore be 'one-off' or on a diminishing basis over a period of two to five years.
- Match-funding grants will be considered as a means of encouraging and facilitating local fundraising by the recipient.
- Assessment of grant requests will include scale of need and availability of other funding sources.
- The overall allocation of grants made by SU must adequately reflect an emphasis on reaching children and young people who don't yet know Jesus.


Appointment of external auditor

Grant Thornton UK LLP has indicated willingness to be reappointed as external auditor and will be recommended for reappointment by the trustees.

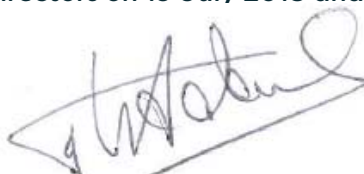
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The Trustees submit their annual report and the audited financial statements for the year ended 31 March 2018. The financial statements comply with current statutory requirements, the Articles of Association and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102).

This Trustees' Annual Report, which incorporates the Strategic Report, was approved by the Trustees in their capacity as company directors on 19 July 2018 and signed on their behalf by:



Keith Civval
Chairman



Derek Adams FCA
Treasurer

Opinion

We have audited the financial statements of Scripture Union (the 'charitable company') for the year ended 31 March 2018 which comprise the statement of financial activities incorporating an income and expenditure account, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

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 charitable company'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 Trustees' Annual Report, set out on pages 1 to 17, 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.

Opinion 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 Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Grant Thornton UK LLP

William Devitt

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Date: *1 August 2018*

Statement of financial activities incorporating an income and expenditure account for the year ended 31 March 2018

| | Notes | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2018 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2017 £'000 |
|--|-------|-----------------------------|---------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|--------------------------|---------------------|
| Income and endowments | | | | | | | | | |
| <i>Income from generated funds:</i> | | | | | | | | | |
| - Income from donations and legacies | 3a | 3,361 | 894 | - | 4,255 | 3,663 | 1,331 | - | 4,994 |
| - Income from investments | 2 | 43 | 25 | - | 68 | 44 | 21 | - | 65 |
| <i>Income from charitable activities:</i> | | | | | | | | | |
| - Holidays and missions | | 573 | - | - | 573 | 548 | - | - | 548 |
| - Other fee income | | 57 | - | - | 57 | 98 | - | - | 98 |
| - Publishing sales and royalties | | 1,710 | - | - | 1,710 | 1,655 | - | - | 1,655 |
| Total income | | 5,744 | 919 | - | 6,663 | 6,008 | 1,352 | - | 7,360 |
| Expenditure | | | | | | | | | |
| <i>Expenditure on raising funds:</i> | | | | | | | | | |
| - Cost of raising funds | | 652 | - | - | 652 | 710 | - | - | 710 |
| <i>Expenditure on charitable activities:</i> | | | | | | | | | |
| - Face to face mission in England and Wales | | 2,940 | 498 | - | 3,438 | 2,213 | 767 | - | 2,980 |
| - Publishing activities | | | | | | | | | |
| - Digital publishing | | 897 | 240 | - | 1,137 | 866 | 395 | - | 1,261 |
| - Conventional publishing | | 1,755 | - | - | 1,755 | 1,927 | - | - | 1,927 |
| - International activities | | 223 | 161 | - | 384 | 283 | 196 | - | 479 |
| Total expenditure | 4 | 6,467 | 899 | - | 7,366 | 5,999 | 1,358 | - | 7,357 |
| Net gain/(loss) on investment assets | | 69 | - | (7) | 62 | 228 | - | 67 | 295 |
| Net (expenditure)/income for the year being net movement in funds | | (654) | 20 | (7) | (641) | 237 | (6) | 67 | 298 |
| <i>Reconciliation of funds:</i> | | | | | | | | | |
| Fund balances brought forward | | 6,990 | 204 | 722 | 7,916 | 6,753 | 210 | 655 | 7,618 |
| Fund balances carried forward | 13 | 6,336 | 224 | 715 | 7,275 | 6,990 | 204 | 722 | 7,916 |

- All of the above results are derived from continuing activities. SU has no other recognised gains and losses other than those stated above.
- Income from donations and legacies for the year ended 31 March 2017 benefited from a particularly high level of legacy income.
- The annual deficit resulted from a budgeted operating deficit and planned spending down of the Project and Development Fund (*see reserves policy, pages 10-11*). This was partially offset by higher than budgeted legacy income.

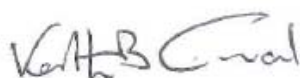
The Notes on pages 23-31 form part of these financial statements.

Balance sheet

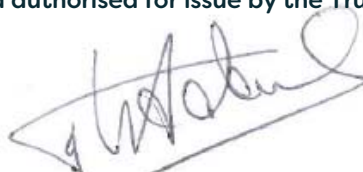
as at 31 March 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 7 | 1,071 | 1,120 |
| Investments | 8a | 2,598 | 2,313 |
| Total Fixed Assets | | 3,669 | 3,433 |
| Current assets | | | |
| Investments | 8b | 3,071 | 3,671 |
| Stocks | 9 | 256 | 413 |
| Debtors | 10 | 823 | 1,079 |
| Cash at bank and in hand | | 470 | 870 |
| Total Current Assets | | 4,620 | 6,033 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 11a | (828) | (1,274) |
| Net current assets | | 3,792 | 4,759 |
| Total assets less current liabilities | | 7,461 | 8,192 |
| Creditors: amounts falling due over one year | 11b | (160) | (245) |
| Provisions for liabilities | 12 | (26) | (31) |
| Net assets | | 7,275 | 7,916 |
| The funds of the charitable company | | | |
| Unrestricted funds | | | |
| Fixed assets fund | | 1,071 | 1,120 |
| Working capital fund | | 160 | 63 |
| Project and development fund | | 2,090 | 2,967 |
| International fund | | 615 | 508 |
| General fund | | 2,400 | 2,332 |
| | | 6,336 | 6,990 |
| Restricted funds | | | |
| Income fund | | 224 | 204 |
| Endowment funds | | | |
| Endowment fund | | 715 | 722 |
| Total charity funds | | 7,275 | 7,916 |

The financial statements were approved and authorised for issue by the Trustees on 19 July 2018 and signed on their behalf by:



Keith Civval
Chairman



Derek Adams FCA
Treasurer

The Notes on pages 23-31 form part of these financial statements.

Company Registration Number 00039828

Cash flow statement

for the year ended 31 March 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|---|----------------------|----------------|---------------|
| Net cash (used in) operating activities | <i>See (a) below</i> | (794) | (60) |
| <i>Cash flows from investing activities</i> | | | |
| Interest received | 2 | 11 | 22 |
| Dividends received | 2 | 57 | 43 |
| Purchase of tangible fixed assets – non-property | 7 | (51) | (332) |
| Purchase of new National Office | 7 | - | (729) |
| Sale of investments | | 112 | 97 |
| Purchase of investments | 8a | (404) | (541) |
| Movement in investment cash | 8a | 69 | (22) |
| Net cash (used in) investing activities | | (206) | (1462) |
| <i>Cash flow from financing activities</i> | | | |
| Repayment of borrowings | 11a | - | (2) |
| Change in cash and cash equivalents for the year | | (1,000) | (1,524) |
| Cash and cash equivalents at the beginning of the year | | 4,541 | 6,065 |
| Total cash and cash equivalents at the end of the year | <i>See (b) below</i> | 3,541 | 4,541 |

Change in cash and cash equivalents due to exchange rate movements during the year was £6,000 (2017: £3,000).

Notes to cash flow statement

| | | | |
|--|-----------------|---------------|---------------|
| (a) Reconciliation of net income/(expenditure) for the year | Notes | 2018 £'000 | 2017 £'000 |
| Net (expenditure)/income for the reporting period | <i>See SOFA</i> | (641) | 298 |
| <i>Adjustments for:</i> | | | |
| Depreciation charges | 7 | 100 | 74 |
| Net (profit) on investments | <i>See SOFA</i> | (62) | (295) |
| Dividends and interest from investments | 2 | (68) | (65) |
| Decrease/(increase) in stocks | 9 | 157 | (41) |
| Decrease/(increase) in debtors | 10 | 256 | (17) |
| (Decrease) in creditors | 11 | (531) | (9) |
| (Increase) in provision for pensions | 12 | (5) | (5) |
| Net cash (used in) operating activities | | (794) | (60) |
| (b) Cash and cash equivalents | | | |
| | Notes | 2018 £'000 | 2017 £'000 |
| Cash at bank and in hand | | 470 | 870 |
| Notice deposits (less than 3 months) | 8b | 3,071 | 3,671 |
| Net funds | | 3,541 | 4,541 |

The Notes on pages 23-31 form part of these financial statements.

1. Accounting policies

The principal accounting policies adopted, judgements and key source of estimation uncertainty in the preparation of the accounts are as follows:

- a) **Basis of preparation and assessment of going concern** – The financial statements have been prepared under the historical cost convention, with the exception of investments which are included on a market value basis. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities 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 FRS102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), the Charities Act 2011 and the Companies Act 2006. SU constitutes a public benefit entity as defined by FRS 102.

These financial statements are presented in £'000's.

The trustees consider that there are no material uncertainties about SU's ability to continue as a going concern. In addition to ownership of a building used as the national office and long-term reserves invested to grow capital, SU has a healthy cash balance which, along with budgeted income from donations and legacies and income from charitable activities, is anticipated to be more than sufficient to cover the budgeted deficit, planned project and development activity and ongoing operational activity during the twelve months from signature of these financial statements.

- b) **Company status** – Scripture Union is a company limited by guarantee. The guarantors are the members of the company who are also members of the Council (as outlined on page 14). The liability in respect of the guarantee, as set out in the Articles of Association, is limited to £10 per member.
- c) **Income recognition** – All income is recognised when SU has entitlement to the funds, the receipt is probable and the amount can be measured reliably. All income is accounted for on a receivable basis. For legacies, this is when SU becomes entitled to the income, based on notifications received, when there is reasonable likelihood of receipt and when the amount is quantifiable. Donations are recognised when any performance-related conditions are met.

Publishing sales represent the amounts receivable for goods sold in the normal course of business, net of trade discounts and Value Added Tax (VAT).

Interest on funds held on deposit are accrued for in line with the current advised interest rate.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

The Movement receives funds on behalf of other SU national movements. These funds are recognised as income and expended as grants within the Statement of Financial Activities (SOFA). The charitable company holds these granted funds within a 'client account' and, because the charitable company does not own and has no entitlement to these funds, they are excluded from the balance sheet.

No amounts are included in the financial statements for services donated by volunteers.

- d) **Expenditure recognition** – Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing SU to that expenditure, the amount of the obligation can be measured reliably and it is probable that settlement will be required. SU exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities relating to grants and sabbatical allowances. Judgement is necessary in assessing the likelihood that the liability will be realised and in quantifying the possible value of that liability.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (e).

Charitable expenditure comprises expenditure related to the direct furtherance of SU's charitable objects. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources.

Cost of generating funds includes fees paid to fundraising consultants, staff time, database development costs and apportioned overhead costs.

Grants payable are payments made to third parties in the furtherance of SU's charitable objects. Grant awards are subject to the recipient fulfilling performance conditions. The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Movement that would permit SU to avoid making the future payment(s), settlement is probable and the effect of discounting is material.

- e) **Allocation of support and governance costs** – Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs associated with meeting the constitutional and statutory requirements of the charitable company and include internal and external audit costs, Board and Council meeting costs and an allocation of indirect costs to cover support from members of staff. Other support costs are those functions that assist the work of the Movement but do not directly undertake charitable activities.

The basis on which support costs are allocated (see Note 4, page 26) are:

| | |
|--------------------------------|---------------------------|
| Finance | Staff time |
| Technical Services | Staff time |
| Human Resources | Headcount |
| Facilities | National Office Headcount |
| Web and database | Staff time |
| Fundraising and communications | Staff time |
| Management | Staff time |

- f) **Fund accounting** – The trustees have established four designated funds. These are unrestricted funds which have been allocated for specific purposes. Restricted funds are funds subject to specific restrictions imposed by donors. Endowment funds are funds given to the charitable company as capital. The purpose and use of the designated, restricted and endowment funds are set out in Note 13 to the financial statements (pages 30-31).
- g) **Tangible fixed assets and depreciation** – Tangible fixed assets are stated at cost including any incidental expenses of acquisition, less accumulated depreciation and any impairment. Depreciation is provided on all tangible fixed assets (except freehold land, which is not depreciated) at rates calculated to write off the cost on a straight-line basis over their expected useful economic life as follows:
- | | |
|---------------------------------|-------------|
| Freehold brick buildings | fifty years |
| Fixtures and fittings | ten years |
| Computers and similar equipment | three years |
- h) **Investments** – Investments are stated at market value at the balance sheet date. Realised and unrealised gains and losses are included in the SOFA as they arise.
- i) **Stocks** – Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs and the attributable proportion of production overheads. Net realisable value is based on estimated selling price net of trade discounts. Provision is made for slow-moving items where appropriate.
- j) **Debtors** – Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.
- k) **Creditors and provisions** – Creditors and provisions are recognised where SU has a present obligation resulting from a past event that will or probably will result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- l) **Pensions** – SU operates the Scripture Union (Legal & General) Personal Pension Plan. This is a defined contribution occupational pension scheme and the amount charged to the SOFA is the employer's contributions payable during the year. SU had a final salary pension scheme, the benefits of which were secured by an annuity in 1996 when the scheme was closed.

SU provides pensions to a small number of former staff on an unfunded basis. These staff worked for the Movement before a formal pension plan was set up or were ineligible to join a Revenue approved scheme. All the people entitled to such pensions are either retired or no longer employed by SU and the regular cost

of the scheme is immaterial. Assessment of the unfunded pension liability is carried out annually and appropriate provision made in the balance sheet and the SOFA. SU's contribution is restricted to the contributions disclosed in Note 5 (page 27). There were no outstanding contributions at the end of the year.

- m) **Operating leases** – Rentals under operating lease contracts are charged to the SOFA on a straight-line basis over the lease term, even if the payments are not on such a basis.
- n) **Foreign currency translation** – Transactions in foreign currency are recorded in sterling at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA.
- o) **Taxation** – SU, as a registered charity, is exempt from taxation on its income and gains falling within sections 466-493 of the Corporation Tax Act 2010 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year. The charitable company is registered for VAT. Certain of SU's activities are exempt from or outside of the scope of VAT. Accordingly, SU is unable to reclaim all input VAT suffered. Recoverable input VAT is included in debtors. Irrecoverable input VAT is written off to the SOFA as incurred.

2. Investment income

| | 2018 £'000 | 2017 £'000 |
|----------------------|---------------|---------------|
| Interest receivable | 11 | 22 |
| Dividends receivable | 57 | 43 |
| | <u>68</u> | <u>65</u> |

Of the investment income, £25,000 (2017: £21,000) was attributable to restricted income with the balance of £43,000 (2017: £44,000) adding to unrestricted funds.

3. Income

3a. Income from donations and legacies

| | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2018 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2017 £'000 |
|------------------|--------------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| <i>Donations</i> | | | | | | | | |
| Gifts | 1,793 | 893 | - | 2,686 | 1,776 | 1,307 | - | 3,083 |
| Legacies | 1,568 | 1 | - | 1,569 | 1,887 | 24 | - | 1,911 |
| | <u>3,361</u> | <u>894</u> | <u>-</u> | <u>4,255</u> | <u>3,663</u> | <u>1,331</u> | <u>-</u> | <u>4,994</u> |

3b. Net income for the year is stated after charging:

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Auditor remuneration: Audit fee | 15 | 15 |
| Auditor remuneration: Other services (corporation tax) | 5 | - |
| Depreciation charges | 100 | 74 |
| Operating lease rentals: land and buildings | - | 33 |
| Operating lease rentals: machinery | 3 | - |
| | <u>123</u> | <u>122</u> |

4. Expenditure

| | Grant funding of activities (see below) | | Support cost (see below) | Total 2018 | Total 2017 |
|---|--|----------------------|-----------------------------|--------------|--------------|
| | £'000 | Direct cost £'000 | £'000 | £'000 | £'000 |
| Costs of raising funds | - | 310 | 342 | 652 | 710 |
| Face-to-face mission in England and Wales | 187 | 2,704 | 547 | 3,438 | 2,980 |
| Digital publishing | - | 957 | 180 | 1,137 | 1,261 |
| Conventional publishing | - | 1,467 | 288 | 1,755 | 1,927 |
| International activities | 300 | 23 | 61 | 384 | 479 |
| Total 2018 | 487 | 5,461 | 1,418 | 7,366 | 7,357 |
| Total 2017 | 491 | 5,457 | 1,409 | 7,357 | |

| <i>Analysis of support costs</i> | Finance | Technical | Human | Facilities | Web and | Fundraising | Management | Total |
|--|------------|-------------------|--------------------|------------------------------|-------------------|--------------------|------------|--------------|
| | £'000 | Services £'000 | Resources £'000 | £'000 | database £'000 | and Comms £'000 | £'000 | |
| Costs of raising funds | 37 | 33 | 8 | 29 | 42 | 149 | 44 | 342 |
| Face-to-face mission in England and Wales | 95 | 109 | 53 | 43 | 63 | 39 | 145 | 547 |
| Digital publishing | 14 | 33 | 5 | 22 | 49 | 13 | 44 | 180 |
| Conventional publishing | 88 | 43 | 12 | 51 | 16 | 5 | 73 | 288 |
| International activities | 31 | - | 1 | - | - | - | 29 | 61 |
| | 265 | 218 | 79 | 145 | 170 | 206 | 335 | 1,418 |
| <i>Basis of activity</i> | Staff time | Staff time | Headcount | National Office headcount | Staff time | Staff time | Staff time | |

The basis on which costs have been allocated is outlined in accounting policy (e) (page 24). Cost allocation includes an element of judgement and SU has had to consider the cost benefit of detailed calculations and record keeping. To ensure full-cost recovery on projects, SU 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.

| <i>Grants payable in furtherance of the charitable company's objects:</i> | Activities undertaken directly | Grant funding of activities | Support costs | Total 2018 £'000 | Activities undertaken directly | Grant funding of activities | Support costs | Total 2017 £'000 |
|---|--------------------------------|-----------------------------|---------------|------------------|--------------------------------|-----------------------------|---------------|------------------|
| Scripture Union – England and Wales | 30 | 187 | 20 | 237 | 30 | 87 | 20 | 137 |
| Scripture Union – Europe | 7 | 96 | 6 | 109 | 5 | 73 | - | 78 |
| Scripture Union worldwide | 7 | 87 | 12 | 106 | 5 | 172 | 20 | 197 |
| Scripture Union – Africa | 7 | 63 | 11 | 81 | 5 | 80 | 10 | 95 |
| Scripture Union – Former Soviet Republics | 7 | 21 | 18 | 46 | 5 | 25 | 20 | 50 |
| Scripture Union – Americas | - | 14 | 5 | 19 | - | 13 | 5 | 18 |
| Scripture Union – Pacific | - | 10 | 2 | 12 | - | 11 | 5 | 16 |
| Scripture Union – Asia | - | 6 | 5 | 11 | - | 27 | 10 | 37 |
| Scripture Union – rest of Britain & Ireland | - | 3 | 2 | 5 | - | 3 | 5 | 8 |
| | 58 | 487 | 81 | 626 | 50 | 491 | 95 | 636 |

Grant allocations amounting to £487,000 (2017: £491,000) were made during the year. This includes £nil (2017: £9,000) of new multi-year grant commitments which are payable in future years. Grant commitments accrued at the start of the year which remain payable in future years totalled £121,000 (2017: £260,000).

| <i>Movement in recognised funding commitments during the year</i> | Charitable commitments accrued £'000 |
|--|---|
| Grant commitments accrued at the start of the year | 269 |
| New grant commitments charged to the Statement of Financial Activities during the year | 487 |
| Grants paid during the year | (635) |
| Amount of grant commitments accrued as at 31 March 2018 | 121 |

Further details on grants are available on request to the Movement.

SU in England and Wales works in partnership with, and makes grants to, independent SU movements around the world as noted on pages 6,9, 16 and 17.

We also work in partnership with a range of independent trusts who look to SU for support and guidance on best practice in work with children and young people, including:

- Runton Dolphin Trust, which runs 'West Runton Holidays';
- Great Wood Trust - Scripture Union has use of the Great Wood site under a licence agreement;
- Local Mission Partners, whose aims are similar to those of SU and who operate in a particular local area, referred to on pages 5 and 16. Mission partners are individual trusts or groups affiliated with SU and are an integral part of SU's regional teams. This partnership enables trusts to respond to local needs whilst sharing the SU core values and identity.

5. Staff costs and remuneration of key management personnel

| | | |
|---|---------------|--------|
| | 2018 | 2017 |
| | £'000 | £'000 |
| <i>Staff costs:</i> | | |
| Wages and salaries | 2,288 | 2,192 |
| Social security costs | 227 | 215 |
| Reorganisation costs | 94 | 112 |
| <i>Pension costs:</i> | | |
| Scripture Union (L&G) Personal Pension Plan | 207 | 198 |
| Unfunded pension scheme | 5 | 5 |
| | 2,821 | 2,722 |
| | 2018 | 2017 |
| | Number | Number |
| <i>Average number of employees, analysed by function:</i> | | |
| Income generation | 7 | 7 |
| Face to face mission in England and Wales | 45 | 41 |
| <i>Publishing activity:</i> | | |
| Digital publishing | 5 | 4 |
| Conventional publishing | 10 | 12 |
| International activities | 1 | 1 |
| Administration and support of staff and volunteers | 13 | 13 |
| | 81 | 78 |

The average number of employees during the year was 81 (2017: 78), including 18 (2017: 20) part-time employees with no adjustment in the above table to take account of the number of hours worked. The average number of full-time equivalent employees during the year was 74 (2017: 70).

SU's key management personnel are the members of the Leadership Team (*listed on page 2*). The employment benefits of the key management personnel - including employer pension and national insurance contributions - totalled £330,000 (2017: £321,000).

During the year, two employees (2017: two employees) earned between £70,000 and £80,000 and two employees (2017: one employee) earned between £60,000 and £70,000, excluding employer pensions contributions.

6. Trustees

Trustees received no emoluments in their role as trustees during the year, but five of the nine trustees received reimbursement of travel expenses totalling £2,162 (2017: £2,390 reimbursed to six of eight trustees).

Stephen Hallett is Director of Mr S J Hallett Ltd. Payments in the year to the company in respect of services rendered were £nil (2017: £5,389).

| 7. Tangible fixed assets | Freehold land and buildings £'000 | Computer equipment £'000 | Fixtures and fittings £'000 | Machinery £'000 | Total £'000 |
|---------------------------------|--------------------------------------|-----------------------------|--------------------------------|--------------------|----------------|
| Cost: | | | | | |
| At 1 April 2017 | 810 | 216 | 250 | 19 | 1,295 |
| Additions | - | 51 | - | - | 51 |
| Disposals | - | (16) | - | - | (16) |
| At 31 March 2018 | 810 | 251 | 250 | 19 | 1,330 |
| Depreciation: | | | | | |
| At 1 April 2017 | 16 | 127 | 13 | 19 | 175 |
| Charge for year | 16 | 60 | 24 | - | 100 |
| Disposals | - | (16) | - | - | (16) |
| At 31 March 2018 | 32 | 171 | 37 | 19 | 259 |
| Net book value | | | | | |
| At 31 March 2018 | 778 | 80 | 213 | - | 1,071 |
| At 31 March 2017 | 794 | 89 | 237 | - | 1,120 |

At 31 March 2018, the trustees had authorised the capital expenditure budget for the ensuing year of £82,000 (2017: £47,000). Disposals as shown on the SOFA are shown net of depreciation. There were no capital commitments as at 31 March 2018 (2017: £nil).

8. Investments

8a. Fixed asset investments

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Investments at market value | | |
| Investment cash | 15 | 84 |
| Fixed Interest & UK Government stocks | 317 | 401 |
| UK Listed Stock Exchange Investments, Unit Trusts and OEICs | 2,266 | 1,828 |
| | 2,598 | 2,313 |
| <i>Movement during the year:</i> | | |
| Market value at 1 April | 2,313 | 1,552 |
| Less: Disposals at open market value | (112) | (31) |
| Add: Acquisition at cost | 404 | 541 |
| Net gain on revaluation | 62 | 229 |
| Movement in investment cash | (69) | 22 |
| Market value at 31 March | 2,598 | 2,313 |

The historic cost of investments is £1,909,000 (2017: £1,627,000).

8b. Current asset investments

Current asset investments represent short-term cash deposits.

9. Stocks

| | 2018 £'000 | 2017 £'000 |
|------------------|---------------|---------------|
| Work in progress | 88 | 96 |
| Finished goods | 168 | 317 |
| | 256 | 413 |

| 10. Debtors | 2018 | 2017 |
|--------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade debtors | 139 | 150 |
| Tax recoverable | 62 | 97 |
| Other debtors | 42 | 42 |
| Legacies receivable | 356 | 417 |
| Prepayments and accrued income | 224 | 373 |
| | <u>823</u> | <u>1,079</u> |

Prior to sign-off of the financial statements, SU had been notified of legacies with an estimated value of £316,000 (2017: £250,000). In accordance with accounting policy (c) as noted on page 23, it was not considered appropriate to accrue for this amount in the financial statements as at 31 March 2018.

11. Creditors

| 11a. Creditors: amounts falling due within one year | 2018 | 2017 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Trade creditors | 286 | 566 |
| Other creditors | 43 | 70 |
| Accruals and deferred income | 403 | 547 |
| Taxation and social security costs | 61 | 55 |
| Interest free loans from supporters | 35 | 36 |
| | <u>828</u> | <u>1,274</u> |

Accruals and deferred income includes multi-year grant commitments which are payable in future years, subscriptions on dated published products and holiday booking payments received in advance of the event taking place.

| 11b. Creditors: amounts falling due over one year | 2018 | 2017 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Accruals and deferred income | 160 | 245 |
| | <u>160</u> | <u>245</u> |

| 12. Provisions for liabilities | 2018 | 2017 |
|---------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| <i>Ex-gratia pensions:</i> | | |
| Balance at start of year | 31 | 36 |
| Pensions paid | (9) | (9) |
| Increase in provision | 4 | 4 |
| Balance at end of year | <u>26</u> | <u>31</u> |

Ex-gratia pensions are provided to a small number of former staff on an unfunded basis. See accounting policy (l) (as noted on pages 24-25) for more details.

| 13. Statement of funds | Balance 1 April 2017 £'000 | Income £'000 | Expenditure £'000 | Net investment gains £'000 | Transfers £'000 | Balance 31 March 2018 £'000 |
|---------------------------------|-------------------------------------|-----------------|----------------------|----------------------------------|--------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Designated funds: | | | | | | |
| Fixed Assets | 1,120 | - | - | - | (49) | 1,071 |
| Working Capital | 63 | - | - | - | 97 | 160 |
| Project and Development | 2,967 | - | (1,377) | - | 500 | 2,090 |
| International | 508 | 367 | (257) | - | (3) | 615 |
| | 4,658 | 367 | (1,634) | - | 545 | 3,936 |
| General fund | 2,332 | 5,377 | (4,833) | 69 | (545) | 2,400 |
| Total unrestricted funds | 6,990 | 5,744 | (6,467) | 69 | - | 6,336 |
| Restricted funds | | | | | | |
| Income funds: | | | | | | |
| Children's evangelism | 120 | - | (40) | - | - | 80 |
| Endowment income | - | 25 | (25) | - | - | - |
| Gifts for SU overseas | - | 161 | (161) | - | - | - |
| Good News Fund | - | 119 | (119) | - | - | - |
| Google AdWords | - | 101 | (101) | - | - | - |
| Guardians of Ancora | - | 158 | (138) | - | - | 20 |
| SU Holiday Fund | 48 | 51 | (14) | - | - | 85 |
| Team support | - | 256 | (256) | - | - | - |
| Others | 36 | 48 | (45) | - | - | 39 |
| Total restricted funds | 204 | 919 | (899) | - | - | 224 |
| Endowment funds | | | | | | |
| Endowment fund | 722 | - | - | (7) | - | 715 |
| Total endowment funds | 722 | - | - | (7) | - | 715 |
| Total funds | 7,916 | 6,663 | (7,366) | 62 | - | 7,275 |

Unrestricted funds

Designated funds are as follows:

- The **Fixed Assets Fund** represents the net book value of fixed assets.
- The **Working Capital Fund** represents the funds used to finance the continuing activities of the publishing department, comprising the stock and debtors less trade and other creditors of the department.
- The **Project and Development Fund** is a provision for the development of SU mission, i.e. to enable 'step-change' growth of current and initiation of new mission activities. It provides a means of smoothing the receipt and expenditure of legacy income. The fund will be 'topped up' as determined by the trustees from legacy or other income that exceeds budgeted levels and contributes to an overall operating surplus for the year, to provide for one-off project and development expenditure. Details of plans for use of this Fund are outlined in the *reserves policy* section (pages 10-11).
- The **International Fund** is a provision for international grants. At the discretion of the trustees, each month an agreed percentage of gift income not specifically restricted for other SU movements and unrestricted legacies is accrued to the fund. Grants are made throughout the year and relevant expenditure incurred is charged to the fund as it arises. There should be no significant net movement in the fund over the long-term as the designated income is distributed on an on-going basis.

The remaining unrestricted funds, referred to as the **General Fund**, are available for use in the event of an unanticipated downturn in the level of income received and also to fund any deficits on current charitable activities.

Restricted funds

Income funds are as follows:

- **Children’s evangelism** refers to a charitable trust grant that was received towards the end of the 2014-15 financial year for children’s evangelism in England and Wales.
- **Gifts for SU overseas** refers to gifts for support of the work of SU in other parts of the world. At the discretion of the trustees, these gifts are forwarded to relevant movements as a grant. We are legally required to ensure that all such grants are used for purposes consistent with SU’s charitable objectives.
- **Endowment income** refers to income arising from the endowment fund investments which is restricted for the mission work of SU at home and especially for work in schools.
- **Good News Fund** refers to gifts received to provide grants to equip and resource local churches and mission partners in initiatives to share the good news of Jesus with children and young people in local communities.
- **Google AdWords** refers to a monthly in-kind grant for AdWords advertising provided under the Google Grants for Non-profits Programme.
- **Guardians of Ancora** refers to gifts received to support the ongoing development and maintenance of SU’s Bible engagement app for 8-11 year olds.
- **SU Holiday Fund** refers to gifts received to provide financial assistance for children whose families cannot afford for them to attend an SU holiday.
- **Team support** refers to gifts and payments received to support the work of an employee or group of employees.
- **Others** comprises gifts and grants given for specified purposes or projects not falling into the categories covered by the above seven income funds.

With the exception of in-kind Google Adwords grants, restricted income funds are represented by cash balances.

Endowment funds

The **Endowment fund** represents a capital endowment which is normally held in a designated portfolio of stocks and shares.

| <i>Analysis of funds by asset</i> | Tangible fixed assets | Investments | Current assets | Liabilities and provisions | Total |
|-----------------------------------|-----------------------|--------------|----------------|----------------------------|--------------|
| <i>Funds</i> | £'000 | £'000 | £'000 | £'000 | £'000 |
| General | - | 2,598 | 816 | (1,014) | 2,400 |
| Designated | 1,071 | - | 2,865 | - | 3,936 |
| Restricted | - | - | 224 | - | 224 |
| Endowment | - | - | 715 | - | 715 |
| Total | 1,071 | 2,598 | 4,620 | (1,014) | 7,275 |

14. Financial commitments

At 31 March 2018 SU had remaining commitments under non-cancellable leases as follows:

| <i>Expiry date</i> | 2018 | 2017 |
|--------------------|--------------------|--------------------|
| | Machinery £'000 | Machinery £'000 |
| Within one year | 3 | 3 |
| Two to five years | 4 | 8 |
| Total | 7 | 11 |



Scripture Union

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